The following discussion is management's assessment and analysis of the results and financial condition of Oceanic Iron Ore Corp. ("Oceanic" or the "Company"), and should be read in conjunction with the accompanying annual audited financial statements and related notes for the year ended March 31, 2013. The Company reports its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All figures are reported in Canadian dollars unless otherwise indicated.

Certain information included in this discussion may constitute forward looking statements. Forward looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied. Please see the section entitled "Forward Looking Statements" of this document for further detail on forward looking statements. The effective date of this report is July 11, 2013.

Description of Business

The Company was incorporated on March 8, 1986 under the British Columbia Business Corporations Act. Its common shares are traded on the TSX Venture Exchange and the OTCQX in the United States.

The Company is focused on the development of the Ungava Bay iron property (the "Property") in Nunavik, Québec, which the Company acquired in November, 2010. The Property comprises three project areas: Hopes Advance, Morgan Lake and Roberts Lake, which cover over 300 kilometres of iron formation and are located within 20 – 50 km of tidewater. The Company has a 100% interest, subject to a 2% net smelter returns royalty ("NSR") in the Property. All three project areas have been explored historically (in the 1950's and 1960's), including sampling, drilling and metallurgical work to support the planning and development of iron mines. The Company is currently focused on continuing its fast-track development of the Hopes Advance project.

Hopes Advance Project Update

In November 2012, the Company published an NI 43-101 Pre-Feasibility Study in respect of the Hopes Advance project (the "Pre-Feasibility Study"), outlining a pre-tax net present value of the project of $5.6 billion, a proven and probable reserve of approximately 1.36 billion tonnes at 32.2% Fe, and highlighting the extensive metallurgical test work undertaken to date, including the completion of bench scale testing and a pilot plant program (see below).

On May 23, 2013, the Company completed a $3 million convertible debenture financing with Sino-Canada Natural Resources Fund, which has helped to strengthen the Company's treasury. To date the Company has taken a number of steps to ensure it derives maximum benefit from its cash position, including reductions in consulting and other general and administrative expenses, particularly given the challenging market conditions. Over the coming months, the Company will specifically focus on the following:

- Strategic Partnering and offtake agreements. Confidentiality agreements are in place and discussions are ongoing with a number of potential strategic partners and off-takers interested in participating in the development of the Hopes Advance project
- Pot Grate Pelletizing test work, due to be completed in Q3 2013
- Shipping Optimization Study (led by AMEC with participation by various shipping companies), due to be completed in Q3 2013

The Company's Pre-Feasibility Study, published in November 2012, assumes that production from the Hopes Advance project would commence in 2017, following the delivery of a Feasibility Study and

Environmental Impact Assessment in 2013/2014. Recently, the Company has taken the decision to delay certain environmental fieldwork, pending receipt of environmental guidelines from the Nunavik Marine Region Impact Review Board ("NMRIRB") in order to ensure that the requirements of all regulatory agencies are in place before continuing with baseline work that may be impacted by the outstanding guidelines. This additional review body was sanctioned with the decision of the federal Minister of Environment announcing a Part 5 review of the project earlier this year. The NMRIRB indicates that it will issue the guidelines in question to the Company during the summer of this year. As a result some aspects of the environmental work will be deferred to 2014. On a positive note, a consequence of this is a majority of the Company's resources can be fully directed to securing a strategic partner. The delay of this fieldwork is likely to lead to an approximately 12 month delay to the Company's original development timeline for the Hopes Advance project. The Company does not believe that this decision will have a negative impact on its ability to engage and secure a strategic partner.

Achievements to Date – Hopes Advance Project

Active development of the Hopes Advance project commenced in March 2011 with the start of the Company's resource verification program.

Since then, milestones have been achieved in a number of areas:

1. *Project Technical Study and Economics*
   - In November 2012, the Company published its Pre-Feasibility Study which reports an estimated pre-tax NPV of $5.6 bn (post-tax NPV of $3.2 bn), and pre-tax IRR of 20.5% (post-tax IRR of 16.8%) over a 31 year projected mine life at an 8% discount rate (see "Pre-Feasibility Study" below).
2. *Resource definition*
   - In November 2012, as part of its Pre-Feasibility Study, the Company published an updated NI 43-101 compliant In-Pit Mineral Resource Estimate for the Hopes Advance project of 774,241,000 tonnes at 32.2% Fe measured, 613,796,000 tonnes at 32.0% Fe indicated and 222,188,000 tonnes at 32.5% Fe inferred. Inferred resources are not included in the Pre-Feasibility mine plan or project economics.
3. *Economic Mineral Reserves*
   - In November 2012, as part of its Pre-Feasibility Study, the Company published an NI 43-101 compliant mineral reserve estimate of 763,276,000 tonnes at 32.3% Fe proven and 595,990,000 tonnes at 32.1% Fe probable for a total proven and probable reserve of 1,359,266,000 tonnes at 32.2% Fe.
4. *Metallurgy*
   - Metallurgical bench scale testing program conducted by SGS Mineral Services Lakefield ("SGS") over approximately 600 composite samples from various deposits at the Hopes Advance project which demonstrated high weight recoveries with a high percentage of iron recovery from the gravity process, as well as low levels of deleterious materials.
   - Completion of a pilot plant testwork program also conducted by SGS to determine a flowsheet for the recovery of hematite and magnetite. The pilot plant testwork was also used to determine the appropriate size of equipment for the flowsheet as well as optimal grinding equipment and power requirements.

5. *Product Versatility and Marketablity*

    - Completed a Process and Product Optimization Study, led by Met-Chem with the associated laboratory test work completed by SGS, which illustrates the flexibility and marketability of the Hopes Advance project across a range of potential strategic partners and off-take customers. The Product Optimization Study concluded that the Hopes Advance project is capable of producing 2.4 million tonnes per annum of its initial 10 million tonnes per annum output (4.8 million tonnes per annum post expansion) of sinter quality product, at a 5.5% silica target.

    - Completion of a Product Value-In-Use Marketing Study, led by Vulcantech Technologies Pty Ltd., which concluded that in addition to the iron unit premium for the high grade Hopes Advance product at 66.6% Fe measured against the 62% Fe benchmark, an estimated minimum 10% value-in-use premium can be anticipated due to the product's high quality and low impurities.

6. *Infrastructure*

    - Defined a project implementation and development schedule independent of third party infrastructure with construction and operations to commence with self-generated power and self-constructed port and marine infrastructure.
    - Completion of a marine logistics study by AMEC Environment and Infrastructure acknowledging the viability of constructing a deep water port facility at Hopes Advance and that year-round shipping using Cape Size vessels is feasible.

    - Construction of a camp facility near the village of Aupaluk as a base for crews supporting the completion of the Pre-Feasibility Study, as well as future fieldwork.

7. *Community Relations and Support*

    - Establishment of positive relations with the Inuit community including signing of a letter of intent setting the terms and conditions on which the Company plans to develop the Hopes Advance project.

8. *Environmental*

    - Acceptance of the Project Description by the Canadian Environmental Assessment Agency under new regulations in accordance with the Canadian Environmental Assessment Act 2012.
    - Receipt of Project Guidelines from the Canadian Environmental Assessment Agency.
    - Receipt of Project Guidelines from Kativik Environmental Quality Commission through the Québec Ministry of Sustainable Development, Environment and Parks, Administration of Environmental Assessment for Northern Mining Projects 'Ministère du Développement durable, de l'Environnement et des Parcs Direction de l'évaluation environnementale des projets nordiques et miniers', which advances the Hopes Advance project to the next stage of the overall assessment process provincially.

    - Acceptance of a ruling provided by the Hon. Peter Kent, Minister of Environment, regarding the marine portion of the Hopes Advance project to the Nunavik Marine Region Impact Review Board ("NMRIRB") for a Part 5 Review in association with the Canadian Environmental Assessment Act 2012 ("CEAA 2012") and the Nunavik Inuit Land Claims Agreement, whereby the review process of the Company's Environmental Impact statement will be streamlined such that only one submission will be needed and will respond to both CEAA 2012 as well as the NMRIRB requirements under the Nunavik Inuit Land Claims Agreement.

Pre-Feasibility Study

The base case in the Pre-Feasibility Study 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. As noted above, there is likely to be an approximately 12 month delay to the commencement of production.

The Pre-Feasibility Study 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.

Pre-Feasibility Metrics

Table 1 below lists the key Pre-Feasibility Study estimated metrics.

Table 1 – Pre-Feasibility Study 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 Pre-Feasibility Study 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 Pre-Feasibility Study assumes that the Company exercises its right to purchase half of this royalty for $3 million in 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.

Operating Costs

A summary of the estimated operating costs is set out in Table 2 below:

Table 2 – Operating Costs (excluding royalty)

Category	Years 1 - 8	Years 9 - 10	Years 11 – 31	Life of Mine Average
	(10 MM T/YR & Self-Generated Power)	(10 MM T/Y & Hydroelectric Power)	(Post Expansion - 20 MM T/YR)	
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.

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 3) 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 4). 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 1 – Optimized Flowsheet

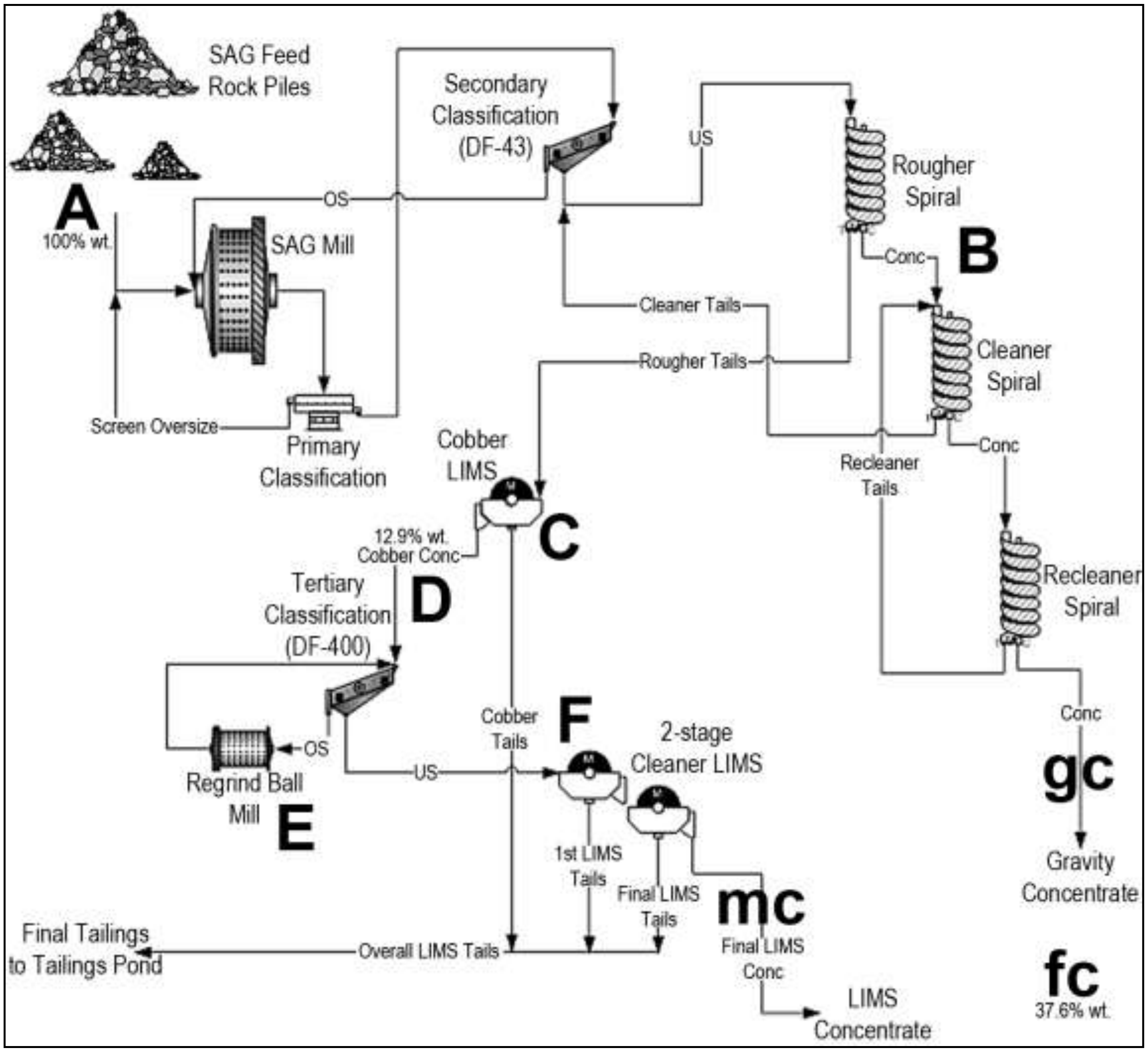

Figure 1 above sets out the optimized flowsheet. A description of the process is set out below:

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 3 - Analysis of Head for Optimized Castle Mountain Pilot Plant Test

Composite	Fe%	Satmagan%
Castle Mountain	34.2	11.8

Table 4 - Optimized Pilot Plant product quality and recovery

Composite / Streams	Mass Dist. %	K80 µm	Grade % Fe	Grade % SiO_2	Distribution (%) Fe	Distribution (%) 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 4 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 5 below.

Table 5 - Summary of overall concentrate grade from Mozley Table and Davis Tube bench tests

Deposit	Overall Concentrate Grade Fe %	SiO_2 %	Al_2O_3 %	Sat %	MnO %	Overall Recovery 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

Resource Estimate – Hopes Advance Project

In November 2012, the Company published an updated NI 43-101 compliant In-Pit Mineral Resource Estimate for the Hopes Advance project of 774,241,000 tonnes at 32.2% Fe measured, 613,796,000 tonnes at 32.0% Fe indicated and 222,188,000 tonnes at 32.5% Fe inferred. In addition, mineral reserves have been estimated at 763,276,000 tonnes at 32.3% Fe proven and 595,990,000 tonnes at 32.1% Fe probable for a total proven and probable reserve of 1,359,266,000 tonnes at 32.2% Fe.

Mineral reserves for the Hopes Advance project have been estimated as summarized in Table 6 below. Mineral reserves have not been estimated for the Bay Zone B or West Zone 2 pits as they are classified as inferred resources.

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 6 – 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

The ultimate pit limits are based on the economic Lerchs-Grossmann algorithm designed to honour the property boundary and the setback from the lakes. The mine plan developed in this Pre-Feasibility Study is based on Measured and Indicated resources only. There is opportunity to upgrade some minor amounts of the inferred resource mineralization to ore classification with additional infill drilling.

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

The Pre-Feasibility Study 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.

The mineral resource estimates are classified as "measured", "indicated", or "inferred" as defined by CIM. According to the CIM definitions, a Mineral Resource must be potentially economic in that it must be "in such form and quantity and of such grade or quality that it has reasonable prospects for economic extraction". For the Hopes Advance iron deposit, an iron cut-off grade was assigned based on economic assumptions and metallurgical parameters and was used in the resource estimations.

The "April, 2012" mineral resource estimate is effective as of 2 April 2012 and was prepared by Micon International Limited ("Micon") under the direction of Eddy Canova, the Company's Director of Exploration and a Qualified Person as defined in NI 43-101.

The "September, 2012" mineral resource estimate is effective as of 19 September 2012 and was prepared by Micon International Limited ("Micon") under the direction of Eddy Canova. B. Terrence Hennessey, P. Geo., has reviewed this work and is the QP for this resource estimate update.

Further information in respect of the Company's Resource Estimate and Pre-Feasibility Study is available in the full NI 43-101 technical reports available for access on the Company's website (www.oceanicironore.com) and on SEDAR (www.sedar.com).

Environmental Review

The Company has been advised by the Canadian Environmental Assessment Agency (the "Agency") that the Hopes Advance project will be reviewed under new guidelines in accordance with the Canadian

Environmental Assessment Act 2012. A re-submission of the Company's Project Description was made on August 3, 2012, and was subsequently accepted by the Agency on August 24, 2012 and subsequently the CEAA issued Project Guidelines.

In September 2012, the Company received Project Guidelines from the Kativik Environmental Quality Commission ("KEQC") through the Québec Ministry of Sustainable Development, Environment and Parks, Administration of Environmental Assessment for Northern Mining Projects 'Ministère du Développement durable, de l'Environnement et des Parcs Direction de l'évaluation environnementale des projets nordiques et miniers', which advances the Hopes Advance project to the next stage of the overall assessment process provincially.

The Company also appointed Québec based GENIVAR Inc. in September 2012 to lead the completion of the Environmental Impact Assessment in respect of the Hopes Advance project.

In January 2013, the Company received a ruling provided by the Hon. Peter Kent, Minister of Environment, regarding the marine portion of the Hopes Advance project to the Nunavik Marine Region Impact Review Board ("NMRIRB") for a Part 5 Review in association with the Canadian Environmental Assessment Act 2012 ("CEAA 2012") and the Nunavik Inuit Land Claims Agreement, whereby the review process of the Company's Environmental Impact statement will be streamlined such that only one submission will be needed and will respond to both CEAA 2012 as well as the NMRIRB requirements under the Nunavik Inuit Land Claims Agreement.

The Company awaits receipt of Guidelines from the NMRIRB which are expected during the summer of the current year.

Product Optimization Study

In June 2013, the Company completed a process and product optimization study, which enables the Company to determine the potential range of sinter feed and pellet feed product quantities and qualities that can be produced from the Hopes Advance project.

The Product Optimization Study was undertaken to further enhance the Company's understanding of the full range of process and product capabilities for the Hopes Advance project, helping to ensure a broad base for future off-take product agreements, including the maximization of potential premiums and the optimization of the Company's targeting of potential future end user markets and potential development partners.

The Product Optimization Study was led by Met-Chem, who led the process flow sheet design in respect of the Company's Pre-Feasibility Study, and was supported by SGS Mineral Services Lakefield for the required laboratory testwork.

The Product Optimization Study illustrates the flexibility and marketability of the Hopes Advance project across a range of potential strategic partners and potential off-take customers. In particular, the Product Optimization Study concludes that with minor alterations to the grinding process, as well as some minor changes to the downstream material handling system, the Hopes Advance project is capable of producing 2.4 million tonnes per annum of its initial 10 million tonnes per annum output (4.8 million tonnes per annum post expansion) of sinter quality product, at a 5.5% silica target. The total percentage of sinter product could potentially be optimized further if future customers have a higher silica tolerance in their blast furnace operations.

Table 7 – Product Results for Sinter Production for the Hopes Advance Project

Element	Base. %	Max. %	Min. %
Fe_{Total}	65.5	67	65
SiO_2	5.5	6	
MnO	0.16	0.35	
Al_2O_3	0.01	0.02	
C(t)	0.1	0.2	
CaO	0.27	0.3	
Cr_2O_3	0.01	0.02	
Cu	< 0.01	0.01	
Hg	< 0.00003	0.00003	
K_2O	< 0.01	0.01	
MgO	0.08	0.15	
Na_2O	0.05	0.1	
P_2O_5	0.01	0.02	
S	0.03	0.05	
TiO_2	< 0.01	0.01	
V_2O_5	< 0.01	0.01	
LOI	0.25	0.5	

Overall, the results of the Product Optimization Study supplement the conclusions reached in the Company's Pre-Feasibility study.

Marketing Study

In April 2013, the Company announced the results of a Value-In-Use Marketing Study completed by Vulcantech Technologies Pty Limited ("Vulcantech"). The Marketing Study was undertaken in order to broaden the Company's strategic understanding of the market for its future Hopes Advance iron ore products.

Market analysis was performed summarizing best fit between Hopes Advance iron products and end users taking into consideration geography and technical parameters, in particular focusing on how high quality iron products from the Hopes Advance project might blend with current steel manufacturer feed sources to enhance steel quality and blast furnace results. The Marketing Study also reported on potential premiums and recommendations in respect of optimizing revenues based on end user demand profiles.

The Marketing Study concluded that in addition to the iron unit premium for the high grade Hopes Advance product at 66.6% Fe measured against the 62% Fe benchmark, an estimated minimum 10% value-in-use premium can be anticipated due to the product's high quality and low impurities. To illustrate, the Marketing Study concluded that a minimum 10% premium above prevailing prices for Brazilian ores of similar grade could be reasonably expected.

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 document.

Demand Loan Facility

The Company is eligible to receive a refundable tax credit of 38.75% of eligible exploration expenditures incurred in Québec ("Exploration tax credits"). The refundable tax credit can only be claimed in conjunction with the filing of the Company's annual corporate tax return.

In order to monetize the expected refundable tax credits due for the year ended March 31, 2012, the Company entered into a demand loan agreement with National Bank of Canada ("National Bank") on December 5, 2011 to borrow up to $4,500,000, representing a proportion of the estimated Québec Exploration refundable tax credits receivable from Revenu Québec based on the Company's eligible expenditures to March 31, 2012. The Company has borrowed a total of $3,481,801 from National Bank, of which $3,123,190 is outstanding as at the date of this report.

The Company has provided the bank security by way of charges on its 2011 and 2012 Québec Exploration tax credits receivable, a general assignment of the Company's personal and movable property and a $150,000 cash pledge to Investissement Québec, the guarantor of the loan. The Company did not provide the Property as security against the loan. The loan is scheduled to be repaid on the earlier of (a) August 31, 2013 or (b) upon collection of the Québec Exploration tax credits, which were assigned to Investissement Québec. The demand loan may be called at any time at the discretion of National Bank. The demand loan bears interest at National Bank's prime rate payable on a monthly basis. Interest expense for the year ended March 31, 2013 was $82,368 (2012: $13,187). During the year ended March 31, 2013, the Company incurred transaction costs associated with the demand loan of $245,137, which were expensed in the statement of loss and comprehensive loss.

Subsequent Event - Convertible Debenture

On May 23, 2013, the Company completed a non-brokered financing of $3 million by way of issuance of a convertible debenture, which will earn interest at a rate of 6% over the 30 month term of the debenture.

The principal amount of the debenture will be convertible to common shares of the Company at a price of $0.16 per share at the election of the subscriber. In addition, and subject to receipt of all required regulatory approvals, the Company has the right at any time to pay all or any part of the unpaid principal in respect of the debenture in common shares, where the issue price of each common share will be equal to the volume weighted average trading price for the 20 days prior to the date of notice of the conversion.

In the event that the volume weighted average trading price of common shares is equal to or greater than $0.16 per share for any 20 consecutive trading day period during the term of the debenture, the principal and interest owing under the debenture will be automatically converted into common shares of the Company.

Selected Annual Information

The following table presents selected annual information extracted from the relevant audited financial statements under IFRS:

	2013	2012	2011
Total Assets, March 31	$ 44,532,088	$ 43,648,201	$ 39,344,462
Non-current financial liabilities	358,190	437,446	502,442
Revenues (**Note 1**)	57,108	131,702	59,159
Net loss for the year	(2,628,323)	(4,948,597)	(5,360,686)
Basic and diluted loss per share	$ (0.01)	$ (0.03)	$ (0.07)
Weighted average number of common shares outstanding	185,016,583	156,094,256	70,059,833

Note 1 – Revenues comprise interest income earned on bank deposits and other income based on accounting and administrative services provided to a related party.

Total assets as at March 31, 2012, when compared to March 31, 2011 increased due to cash inflows from financing activities such as the exercise of share purchase warrants, the December 2011 private placement, and proceeds from the Demand Loan with National Bank. These inflows were partially offset by cash expenditures on operating activities in the year primarily related to continued development of the Hopes Advance project, where costs were capitalized to mineral properties, and corporate overhead expenditures. The decrease in net loss for the year ended March 31, 2012, when compared to the same period in 2011 was due to a significant decrease in share based payments, a non-cash item, reflecting lower number of stock options vested in the year ended March 31, 2012, as well as the recording of income relating to renounced exploration expenditures, a non cash item, which only impacted the year ended March 31, 2012. These were partially offset by an increase in cash operating expenditures reflecting an overall increase in business activity as well as investor relations and corporate development efforts, interest and other financing charges related to the Demand Loan which was executed in December 2011, and a non-cash deferred tax expense reflecting temporary taxable differences from expenditures spent with funds raised from flow through financings.

Factors that have caused changes in operations and financial position from the year ended March 31, 2012 to the year ended March 31, 2013 have been disclosed under the sections entitled "Overall Performance and Results of Operations" below.

Overall Performance and Results of Operations

Total assets increased to $44,532,088 at March 31, 2013 from $43,648,201 at March 31, 2012. The most significant assets at March 31, 2013 were mineral properties of $36,443,347 (March 31, 2012:

$30,518,549), cash of $2,303,324 (March 31, 2012: $6,968,160), and receivables of $4,827,780 (March 31, 2012: $4,894,801). The Company's net working capital position at March 31, 2013 is $3,912,589.

The increase in mineral properties of approximately $5.9 million reflects the costs incurred in the continued development of the Hopes Advance project, including fieldwork and associated costs to complete the Pre-Feasibility Study, as well as costs to progress the environmental permitting process.

The decrease in cash during the year of $4,664,836 resulted from $2,934,090 incurred in operating activities, $6,679,934 in investing activities, partially offset by $4,949,187 received from financing activities. Expenditures incurred in investing activities included $6,395,189 spent on mineral property expenditures, $323,930 spent on equipment additions less interest income received of $39,185. Financing activities comprised net proceeds from a non-brokered private placement of $3,160,411 (net of share issue costs), proceeds on exercise of warrants of $78,167, proceeds from the Company's demand loan facility of $1,792,977, less interest expense on the demand loan of $82,368.

The decrease in receivables of $67,021 resulted from a refund of $358,611 in exploration tax credits for eligible exploration expenditures incurred for the year ended March 31, 2011, as well as the reimbursement from the CRA of input tax credits paid by the Company in prior months, partially offset by an increase of $573,171 to match the Company's revised refundable exploration tax credit claim for the year ended March 31, 2012.

The Company incurred a net loss of $2,628,323 during the year ended March 31, 2013 (2012: $4,948,597). The most significant operating expenses incurred were non-cash share-based payments of $647,333 (2012: $1,349,006), consulting and management fees of $959,927 (2012: $1,175,459), investor relations and corporate development expenses of $595,226 (2012: $475,667), wages and benefits of $550,932 (2012: $136,415) and a deferred tax recovery of $514,193 (2012: expense of $1,664,146). Non-cash share-based payments represent the Black-Scholes calculated fair value of the stock options vested to directors, officers, consultants and charities during the current and prior year. The decrease in share-based payments compared to the prior year results from a lower number of options vested during the year, as well as lower share prices and exercise prices at the time of grant. Consulting and management fees relates to officers' compensation as well as other consulting fees incurred to support the overall expansion of the Company's operations. The decrease in consulting and management fees reflects the fact that no performance bonuses had been accrued at March 31, 2013. In addition, to ensure maximum benefit from the Company's current cash position, the Company reduced costs related to certain external consultants. The increase in investor relations and corporate development costs during the year reflected increased investor, marketing and corporate development activities including participation in conferences and other general marketing efforts following the publishing of the Company's Pre-Feasibility Study in Q3 2013. The increase in salaries and wages primarily relates to recruitment costs and wages relating to the Company's newly appointed President and COO, Alan Gorman. The deferred tax recovery reflects the deductible temporary difference between accounting and tax of non-capital losses for the year.

During the year ended March 31, 2013, the Company recorded interest income of $41,558 (2012: $116,218), which consisted of interest earned on the Company's term deposits. The Company recorded income relating to renounced exploration expenditures of $198,830 (2012: $740,828), a non cash item which reflects the sale of tax benefits to flow through shareholders in the year. The Company incurred $82,368 of interest and other financing expense (2012: $258,324), most of which comprises interest charges on the demand loan with National Bank. The reduction in interest and other financing expense over the prior year reflects the fact that the prior year balance includes fees related to the initial execution of the Demand Loan. The Company also recorded a gain on marketable securities of $54,429 (2012: $712) to recognize the increase in market value of an investment previously written down by the Company. Finally, the Company recorded a deferred tax recovery during the year ended March 31, 2013 of $514,193 (2012: expense of $1,664,146), to recognize the tax benefits of additional non-capital losses in the year, partially offset by the deferred tax expenses recognized on renunciation of exploration expenditures to flow through investors.

Liquidity and Capital Resources

While the audited annual 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, there are certain conditions and events that may cast significant doubt on the validity of this assumption. For the year ended March 31, 2013, the Company reported a loss of $2,628,323 and as at that date had an accumulated deficit of $20,657,281 and a working capital balance of $3,912,589. Subsequent to year end, the Company completed a non-brokered financing of $3 million through the issuance of a convertible debenture. See "Subsequent Event – Convertible Debenture".

In the event the Company does not receive the proceeds from its refundable exploration tax credit claim for the year ended March 31, 2012 in the coming months, the Company will need to raise sufficient funds in order to finance ongoing exploration and administrative expenses. The success of raising such funds cannot be assured. Factors that could affect the availability of financing include the Company's performance, the state of international debt and equity markets, investor perceptions and expectations, and the global financial and metals markets. The Company has sufficient cash resources to settle outstanding liabilities at March 31, 2013.

The Company has a demand loan facility in place with the National Bank of Canada. Under the facility agreement, the Company must maintain an adjusted long-term debt to net worth ratio of 2.5:1. As at March 31, 2013, the Company was in compliance with this covenant.

Off-Balance Sheet Arrangements

As at March 31, 2013, the Company had no Off-Balance sheet arrangements.

Summary of Quarterly Results

Below is a summary of results for the eight most recently completed quarters in accordance with IFRS:

	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Revenues (**Note 1**)	$ 13,384	$ 14,505	$ (2,153)	$ 31,372
Net loss	$ (741,905)	$ (673,756)	$ (589,800)	$ (622,862)
Basic and diluted loss per share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)

	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Revenues (**Note 1**)	$ 31,957	$ 21,390	$ 27,896	$ 50,459
Net loss	$ (748,072)	$ (1,599,936)	$ (1,275,568)	$ (1,325,021)
Basic and diluted loss per share	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.01)

Note 1 – Revenues comprise interest income earned on bank deposits and other income based on accounting and administrative services provided to a related party.

Operating expenses and overall net loss remained fairly consistent from the first to the third quarters of 2012 as the Company continued to advance the 2011 resource verification program. In the fourth quarter of 2012, the net loss for the year decreased significantly, most of which can be attributed to a decrease in recognition of share-based payments to officers, directors, consultants and charities, partially offset by an increase in consulting and management fees as performance bonuses were accrued for key management personnel. The net loss further decreased from Q1 to Q3 2013 given the fact that management bonuses were paid in Q4 2012 and transaction costs were also incurred in Q4 in conjunction with the demand loan towards the end of the 2012 fiscal year, both of which are non-recurring costs quarter over quarter. The majority of the increase in Q4 2013 over Q3 2013 can be attributed to Black-Scholes calculated fair value of share-based payments recorded as a result of the vesting of 3,055,000 stock options in January 2013.

Fourth Quarter Results

The Company incurred a net loss of $741,905 during the three month period ended March 31, 2013 (2012: $748,072). The most significant expenses incurred were consulting and management fees of $178,459 (2012: $533,381), investor relations and corporate development expenses of $153,995 (2012: $223,506), share-based payments of $290,959 (2012: $30,524), and wages and benefits of $163,584 (2012: $31,468). The decrease in consulting and management fees reflects the fact that no performance bonuses had been accrued at March 31, 2013. The decrease in investor relations and corporate development costs during the fourth quarter of 2013 reflected decreased corporate development activities compared to the same period in 2012. Non-cash share-based payments represent the Black-Scholes calculated fair value of the stock options vested to directors, officers, consultants and charities during the current and prior year. The increase in share-based payments in the fourth quarter of 2013 compared to the same period in the prior year reflects the vesting of 3,055,000 stock options in January 2013. The increase in salaries and wages primarily relates to recruitment costs and wages relating to the Company's President and COO, Alan Gorman.

During the three month period ended March 31, 2013, the Company recorded interest income of $8,492 (2012: $20,957), which consisted of interest earned on the Company's term deposits. The Company recorded other income relating to renounced exploration expenditures of $nil (2012: $261,170), a non cash item which reflects the sale of tax benefits to flow through shareholders in the period under IFRS. The Company also recognized interest and financing expense of $22,846 (2012: $17,604), which relates to interest charges on the Company's demand loan with National Bank.

The decrease in cash during the period of $1,062,436 was the result of $281,628 spent on exploration activities, $745,761 incurred in operating activities, $22,106 spent on equipment additions and interest charges on the Company's demand loan facility of $22,846, partially offset by interest income received of $6,834 and miscellaneous financing items totalling $3,071.

Critical Accounting Policies

A detailed summary of all the Company's significant accounting policies is included in Note 3 to the audited annual financial statements for the year ended March 31, 2013.

Mineral Properties

Mineral properties consist of exploration and mining concessions, options and contracts. Acquisition costs are capitalized and deferred until such time as the property is put into production or the property is disposed of, either through sale or abandonment or becomes impaired. If a property is put into production, the cost of acquisition will be written off over the life of the property based on estimated economic reserves, with the exception of the advance royalty payable which will amortize as advance royalty payments are made. Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property. If a property is abandoned, the acquisition costs will be written off to operations. Recorded costs of mineral properties are not intended to reflect present or future values of the properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that changes in future conditions could require a material change in the recognized amounts. Although the Company has taken steps that it considers adequate to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title.

Mineral Property Exploration Expenditures

Once the rights to explore an area have been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation and classified as a component of mineral properties. Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Impairment of Mineral Properties

Mineral properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Evaluating for recoverability during the exploration and evaluation phase requires judgment in determining whether future economic benefits from future exploitation, sale or otherwise are likely. Evaluations may be more complex where activities have not reached a stage which permits a reasonable assessment of the existence of reserves or resources. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of geological, geophysical and seismic data, the Company's financial ability to continue exploration and evaluation activities, the impact of government legislation and political stability in the region, and the impact of current and expected future iron ore prices to potential reserves.

Investment Tax Credits

The Company is eligible to receive investment tax credits ("ITCs") related to certain exploration expenditures. The amount of the ITC reduces the Company's exploration expenses. Due to the uncertainty around the timing and amount of the ITC, it is recorded only when the eligible expense is incurred and there is intent by management to claim the ITC related to the eligible expense.

Share Based Payments

Share-based payments to employees and others providing similar services are measured at the fair value of the instruments issued and amortized over the vesting periods. Other share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to contributed surplus, the account used to record any share-based payments related to convertible securities of the Company.

Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital. Charges for options that are forfeited before vesting are reversed from contributed surplus.

Current and Deferred Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Recent Accounting Standards Not Yet Effective

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company: IFRS 9, Financial Instruments (IFRS 9), IFRS 10, Consolidated Financial Statements (IFRS 10), IFRS 11, Joint Arrangements (IFRS 11), IFRS 12, Disclosure of Interests in Other Entities (IFRS 12), IFRS 13, Fair Value Measurement (IFRS 13), and IAS 12, Income Taxes (IAS 12). Each of the new standards is effective for annual periods beginning on or after January 1, 2013, with the exception of IFRS 9 (effective for annual periods on or after January 1, 2015) and IAS 12 (effective for annual periods on or after July 1, 2012) with early adoption permitted. The following is a brief summary of the new standards:

IFRS 9 - Financial Instruments

In November 2009, the IASB issued IFRS 9 as the first step in its project to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flows of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. IFRS 9 amends some of the requirements of IFRS 7, Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in OCI, and guidance on the measurement of financial liabilities and derecognition of financial instruments. In December 2011, the IASB issued an amendment that adjusted the mandatory effective date of IFRS 9 from January 1, 2013 to January 1, 2015. The Company plans to adopt IFRS 9 on April 1, 2015. The Company has not yet begun the process of assessing the impact of adopting IFRS 9 on its financial statements.

IFRS 10 – Consolidated Financial Statements

IFRS 10 replaces IAS 27 Consolidated and Separate Financial Statements and Standing Interpretations Committee ("SIC") 12, Consolidation – Special Purpose Entities. The new standard changes the definition of control so that the same criteria apply to all entities, both operating and special purpose entities, to determine control. The revised definition focuses on the need to have both power over the investee to direct relevant activities and exposure to variable returns before control is present. IFRS 10 will be applied starting April 1, 2013 and will not have an impact on the Company's financial statements upon adoption.

IFRS 11 - Joint Arrangements

IFRS 11 replaces IAS 31, Interests in Joint Ventures. The new standard defines two types of arrangements: Joint Operations and Joint Ventures. Focus is on the rights and obligations of the parties to the joint arrangement, thereby requiring parties to recognize the individual assets and liabilities to which they have rights or for which they are responsible, even if the joint arrangement operates in a separate legal entity. IFRS 11 will be applied starting April 1, 2013 and will not have an impact on the Company's financial statements upon adoption.

IFRS 12 - Disclosure of Interests in Other Entities

IFRS 12 establishes a comprehensive disclosure standard to address the requirements for subsidiaries, joint arrangements and associate and the reporting entity's involvement with other entities. It also includes the requirements for unconsolidated structured entities (i.e. special purpose entities). IFRS 12 will be applied starting April 1, 2013 and will not have an impact on the Company's financial statements upon adoption.

IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. IFRS 13 will be applied starting April 1, 2013. The application of this standard is not expected to have a significant impact on the Company's financial statements.

IAS 12 – Income Taxes

IAS 12 has been amended to revise certain standards related to the measurement of deferred tax assets or liabilities arising on investment property measured at fair value and supersedes SIC 21, Income Taxes – Recovery of Revalued Non-Depreciable Assets. The amendment is effective for annual periods beginning on or after July 1, 2012. The application of this pronouncement will be applied starting April 1, 2013 and will not have an impact on the Company's financial statements upon adoption.

Critical Accounting Estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Areas requiring the use of estimates include measurement of advance royalty payables, and measurement and recovery of deferred tax benefits. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the notes to the annual audited financial statements where applicable.

Financial Instruments and Other Instruments

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The board approves and monitors the risk management processes.

Credit Risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk is on its cash and cash equivalents and receivables. The Company has concentration of risk with respect to cash being held with two large Canadian financial institutions. The Company's credit risk is mitigated by maintaining its financial liquid assets with highly reputable counterparties. The maximum exposure to credit risk is equal to the carrying value of the financial assets noted above.

Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its obligations as they fall due. The Company's cash and cash equivalents are invested in business accounts and term deposits which are available on demand. The Company manages liquidity risk by preparing and maintaining cash forecasts, which illustrate cash spent to date and our cash needs over the short term. Contractual undiscounted cash flow requirements for financial liabilities as at March 31, 2013 and 2012 are presented below.

March 31, 2013

	Less than 1 year	1 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	$ 369,050	$ -	$ -	$ 369,050
Due to related parties	41,511	-	-	41,511
Demand loan	3,123,190	-	-	3,123,190
Advance royalty payable	200,000	600,000	-	800,000

March 31, 2012

	Less than 1 year	1 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	$ 1,053,264	$ -	$ -	$ 1,053,264
Due to related parties	412,640	-	-	412,640
Demand loan	1,688,824	-	-	1,688,824
Advance royalty payable	200,000	600,000	200,000	1,000,000

The Company's ability to continue operations in the normal course of business is dependent on several factors, including receipt of the proceeds from its refundable exploration tax credit claim for the year ended March 31, 2012, or in the absence of timely receipt of the aforementioned refund, the ability to secure additional financing. In addition, the recoverability of the amounts shown for mineral properties are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production, all of which are uncertain. Further information relating to liquidity risk is disclosed in Note 1 to the audited annual financial statements for the year ended March 31, 2013.

Market Risk

Market risk is the risk that the fair market value of the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates and equity and commodity prices. The Company is exposed to market risk in trading its marketable securities as well as its cash and cash equivalents. The Company manages market risk by investing in diverse industries and companies.

The Company's financial instruments are not subject to significant fluctuation due to changes in equity prices of investments included in marketable securities, commodity prices or foreign exchange rates.

The Company also invests surplus cash in fixed rate term deposits. It is the Company's policy to reduce interest rate risk over future cash flows through the use of instruments with a history of returns. A 1% change in interest rates would have a $13,887 impact on net loss and comprehensive loss.

Fair value

A three-level hierarchy for fair value measurements exists based upon the significance of inputs used in making fair value measurements:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data.

At March 31, 2013, marketable securities were categorized as level 1.

Fair value is based on available public market information or, when such information is not available, estimated using present value techniques and assumptions concerning the amount and timing of future cash flows and discount rates which factor in the appropriate credit risk. The carrying values of marketable securities, cash and cash equivalents, receivables, restricted cash, and the demand loan approximate their fair values due to their short term nature.

Commitments

Effective March 1, 2011 (amended on July 1, 2012); the Company entered into an agreement with an affiliated company, with a director and officer in common, in respect of shared lease, overhead and service costs. Under the agreement, the Company is billed quarterly for office rental and other services relating to its Head Office in Vancouver. The agreement expires on September 29, 2015, but either party may terminate the agreement by providing 90 days' notice.

Effective May 25, 2012, the Company entered into an agreement with Monit International Inc. in respect of the leasing of office space in Montreal, Québec. The agreement expires on January 31, 2023, but the Company may terminate the agreement effective December 31, 2016 with six months' notice.

As part of the acquisition of the Ungava Bay mineral properties, commencing on November 30, 2011, Oceanic must pay advance NSR payments of $200,000 per year, which will be credited against all future NSR payments payable from production. The Company made its second payment to the Vendors on November 16, 2012.

The committed charges for the Company are as follows:

March 31,	Vancouver office rent	Montreal office rent	NSR payments	Total commitments
2014	$ 34,120	$ 128,659	$ 200,000	$ 362,779
2015	-	130,784	200,000	330,784
2016	-	132,973	200,000	332,973
Thereafter	-	175,761	200,000	375,761
	$ 34,120	$ 568,177	$ 800,000	$ 1,402,297

Related Party Transactions and Key Management Compensation

a) Key management compensation

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

	March 31, 2013	March 31, 2012
Wages and benefits	**$ 282,481**	$ -
Consulting fees	**595,000**	839,500
Directors' fees	**37,000**	51,733
Share-based payments	**550,210**	1,271,874
	$ 1,464,691	$ 2,163,107

b) Payments for services by related parties

As disclosed in the section entitled "Commitments", the Company is charged shared lease and overhead, and service costs by an affiliated company, with a director and officer in common. For the year ended March 31, 2013, the Company incurred $124,709 in shared lease and overhead, and service costs (2012: $136,915). Refer to the section entitled "Commitments" for a listing of future commitments in respect of such lease costs.

The Company is charged fees for accounting services by an affiliated company, with a director in common. For the year ended March 31, 2013, the Company incurred $31,010 in fees for accounting services (2012: $Nil).

c) Services provided to related parties

During the year ended March 31, 2013, the Company provided accounting and administrative services to an affiliated company with a director and an officer in common. For the year ended March 31, 2013, the Company earned income totalling $15,550 for accounting, administrative and geological services (2012: $15,484).

Amounts due to related parties at March 31, 2013 amounted to $41,511 (March 31, 2012 - $412,640). All related party transactions were made on terms equivalent to those that prevail in arm's length transactions. None of the amounts due to related parties are secured against assets of the Company.

Outstanding Share Data

As at the date of this report, there were 196,618,231 common shares issued and outstanding.

As at the date of this report, there were 19,643,500 stock options, 37,837,500 common share purchase warrants outstanding.

As discussed in the section entitled "Subsequent Event – Convertible Debenture", under the terms of the convertible debenture, the principal amount of the Debenture can be convertible to common shares of the Company at a price of $0.16 per share at the election of the subscriber, translating to 18,750,000 common shares. In addition, and subject to receipt of all required regulatory approvals, the Company has the right at any time to pay all or any part of the unpaid principal in respect of the Debenture in Common Shares, where the issue price of each Common Share will be equal to the volume weighted average trading price for the 20 days prior to the date of notice of the conversion.

In the event that the volume weighted average trading price of Common Shares is equal to or greater than $0.16 per share for any 20 consecutive trading day period during the term of the Debenture, the principal and interest owing under the Debenture will be automatically converted into 18,750,000 Common Shares of the Company at $0.16 per Common Share.

Risks and Uncertainties

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties in Québec, Canada. Due to the nature of the Company's proposed business and the present stage of exploration of its mineral properties (which are primarily exploration), the following risk factors, among others, will apply:

Going Concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

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, there are certain conditions and events that may cast significant doubt on the validity of this assumption. For the year ended March 31, 2013, the Company reported a loss of $2,628,323 and as at that date had an accumulated deficit of $20,657,281 and a working capital balance of $3,912,589. In the event the Company does not receive the proceeds from its refundable exploration tax credit claim for the year ended March 31, 2012 in the coming months, the Company will need to raise sufficient funds in order to finance ongoing exploration and administrative expenses. The success of raising such funds cannot be assured. Factors that could affect the availability of financing include the Company's performance, the state of international debt and equity markets, investor perceptions and expectations, and the global financial and metals markets.

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.

Exploration, Development and Operating Risks

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of the minerals and proximity to infrastructure; mineral prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted but could have a material adverse effect upon the Company's operations.

Mining operations generally involve a high degree of risk. The operations of the Company are subject to all the hazards and risks normally encountered in the exploration, development and production of minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

There is no certainty that the expenditures made by the Company toward the search and evaluation of minerals will result in discoveries of mineral resources, Mineral Reserves or any other mineral occurrences.

Political Stability and Government Regulation Risks

The operations of the Company are currently conducted in Canada. As such, the operations of the Company are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to: terrorism; extreme fluctuations in currency exchange rates; and changing political conditions, currency controls and governmental regulations. Changes, if any, in mining or investment policies or shifts in political attitudes in any of these countries may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company.

Insurance and Uninsured Risks

The business of the Company is subject to a number of risks and hazards in general, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers being reasonable, its insurance may not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Environmental Risks and Hazards

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or require abandonment or delays in development of new mining properties.

Fluctuations in Metal Prices

The price of the common shares, and the financial results and exploration, development and mining activities of the Company, may in the future be significantly and adversely affected by declines in the prices of iron ore and other metals or minerals. The prices of iron ore and other metals or minerals fluctuate widely and are affected by numerous factors beyond the control of the Company such as the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuations in the value of the United States dollar and other foreign currencies, global and regional supply and demand, the political and economic conditions and production costs of major mineral-producing countries throughout the world, the cost of substitutes, inventory levels and carrying charges. Future serious price declines in the market prices of iron ore or other metals or minerals could cause continued development of and commercial production from the properties in which the Company holds an interest to be impracticable. Depending on the prices of iron ore and other metals and minerals, cash flow from mining operations could not be sufficient and the Company may lose its interest in, or may be forced to sell, some of its properties. Future production from the Company's properties is dependent upon the prices of iron ore and other metals and minerals being adequate to make these properties economically viable.

In addition to adversely affecting the resource estimates of the Company and its financial condition, declining commodity prices can affect operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or interrupt operations until the reassessment can be completed.

Key Personnel

The Company is dependent upon the services of key executives, including the directors of the Company and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these persons or the inability of the Company to attract and retain additional highly-skilled employees may adversely affect its business and future operations.

Share Price Volatility and Liquidity

Publicly quoted securities are subject to a relatively high degree of price volatility. It may be anticipated that the quoted market for our shares will be subject to market trends generally, notwithstanding any potential success of us in creating sales and revenues. In addition, our shareholders may be unable to sell significant quantities of shares into the public trading markets without a significant reduction in the price of their shares, if at all.

Disclosure Controls and Procedures

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with Canadian generally accepted accounting principles.

TSX-V listed companies are not required to provide representations in the annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a TSX-V issuer to design and implement on a cost effective basis DC&P and ICFR as defined in Multinational Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Forward Looking Statements

This document 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 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 this MD&A. 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.

Additional information relating to the Company is available on SEDAR at www.sedar.com.