The following discussion is management's assessment and analysis of the results and financial condition of Oceanic Iron Ore Corp. (formerly Pacific Harbour Capital Ltd.) ("Oceanic" or the "Company"), and should be read in conjunction with the accompanying annual audited financial statements and related notes. The Company reports its financial statements in accordance with International Financial Reporting Standards ("IFRS"). Previously the Company reported its interim and annual financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). The Company's 2011 comparatives in this MD&A have been presented in accordance with IFRS, as the Company's IFRS transition date was April 1, 2010. 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 page 28 of this document for further detail on forward looking statements. The effective date of this report is July 18, 2012.

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. 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 completed the acquisition of the Property in November 2010 (see "Acquisition of Iron Ore Mining Claims" below), concurrently raising approximately $20 million through private placement financings (see "Private Placement Financings" below).

The Company is currently focused on fast-tracking the development of the Hopes Advance project. An initial NI 43-101 Resource estimate and Preliminary Economic Assessment was published in respect of the Hopes Advance project in November 2011, and in April 2012, the Company published an updated NI 43-101 Resource estimate update, which expanded the initial NI 43-101 Resource estimate. The Company is currently in the process of producing a pre-feasibility study in respect of the Hopes Advance project due for completion in Q3 2012.

Achievements to Date – Hopes Advance Project

The Company commenced its 2011 resource verification program in March 2011, and since then has made significant progress fast-tracking the development of the Hopes Advance project.

Milestones have been achieved in a number of areas:

1. *Resource definition*

    - In April 2012, the Company published an updated NI 43-101 compliant "In-Pit Mineral" Resource estimate for the Hopes Advance project of 720,765,000 tonnes at 32.4% Fe measured, 547,518,000 tonnes at 32.3% Fe indicated and 193,403,000 tonnes at 32.9% Fe inferred (see "Resource Estimate" below), increasing the resource by 250% from the initial NI 43-101 compliant "In-Pit" Resource estimate published in November 2011

2. *Project economics*

    - Completion of a Preliminary Economic Assessment ("PEA") in respect of Hopes Advance, which under the Company's optimal production scenario of 20 million tonnes per annum of concentrate, achieves a pre-tax NPV of $10.4 bn, and pre-tax IRR of 34 % at an 8% discount rate (see "Preliminary Economic Assessment" below)

    - Commencement of the production of a Pre-Feasibility Study taking account of the updated April 2012 Resource estimate and the results of additional extensive metallurgical testwork to further illustrate the technical and economic feasibility of developing the Hopes Advance project

3. *Metallurgy*

    - Metallurgical bench scale testing program conducted by SGS Mineral Services Lakefield 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

    - Shipment of 10 and 250 tonne bulk samples to support pilot plant testwork and flowsheet development, currently underway and due to be completed during Q3 2012

4. *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

    - Ongoing development and refinement of power supply solutions to ensure certainty over the delivery of power along the timelines the Company has established for the development of the Hopes Advance project

    - 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 field studies' support.

5. *Community Relations and Support*

    - Establishment of positive relations with the Inuit community including signing of an LOI setting the terms and conditions on which the Company is to develop the Hopes Advance project

    - Submission to the government of Québec for infrastructure under Québec's Plan Nord supported by the Inuit community

Next steps

- Completion of a pre-feasibility study, expected to be published in Q3 2012, to be followed by a feasibility study

- Completion of pilot plant testing and flowsheet development to support pre-feasibility study

- Development of strong technical database to support negotiations with off-takers and / or strategic partners / investors

- Ongoing environmental review in support of the pre-feasibility study and environmental impact assessment

- Negotiate an Impact and Benefits Agreement with local stakeholders.

- Secure a joint venture agreement with a strategic partner(s).

- Secure letters of intent with potential customers for future deliveries of iron concentrate from Hopes Advance.

Year End Financial Highlights

Total assets increased to $43,648,201 at March 31, 2012 from $39,344,462 at March 31, 2011. The most significant assets at March 31, 2012 were mineral properties of $30,518,549 (March 31, 2011: $19,136,997), cash of $6,968,160 (March 31, 2011: $19,082,521), and receivables of $4,894,801 (March 31, 2011: $253,600). Excluding other liabilities which is a non-cash item, the Company's net working capital position at March 31, 2012 is $9,549,005.

The increase in mineral properties of approximately $11.4 million reflects the costs incurred in the development of the Hopes Advance project which included fieldwork and associated costs to complete the Company's 2011 resource verification program (detailed below), as well as costs prepare the NI 43-101 Mineral Resource estimate and PEA.

The decrease in cash during the year of $12,114,361 resulted from $2,223,032 incurred in operating activities, $15,771,374 in investing activities, including $15,868,525 spent on exploration activities, partially offset by $5,880,045 in financing activities, comprising primarily proceeds on exercise of warrants and options of $2,621,066, net proceeds from the Company's demand loan facility of $1,293,687 and net proceeds from the December 22, 2011 private placement of $1,978,479.

The increase in receivables of approximately $4.6 million primarily reflects the Company's estimate of expected refundable exploration tax credits receivable for eligible exploration expenditures incurred for the year ended March 31, 2012.

Acquisition of Iron Ore Mining Claims

As noted above, the Company closed the acquisition of the Property on November 30, 2010.

As consideration for the acquisition, Oceanic issued 30,000,000 common shares, of which 16,500,000 common shares are free trading as at the date of this report and 13,500,000 are in escrow. The shares held in escrow will be released as follows: 4,500,000 shares on each of the dates that are 24 months, 30 months and 36 months following December 3, 2010, respectively.

Commencing on November 30, 2011, Oceanic must pay advance NSR payments of $200,000 per year to John Patrick Sheridan of Toronto, Ontario and Peter Ferderber of Val d'Or, Québec (collectively the "Vendors"), which will be credited against all future NSR payments payable from production. On November 25, 2011, the Company made its first required advance NSR payment of $200,000 to the Vendors.

Oceanic may purchase 50% of the NSR by paying $3,000,000 at any time in the first two years following the commencement of commercial production from the Property.

The Property was the subject of a dispute between Kataria Holdings Limited, a British Virgin Islands Company, Atulkumar Patel and Ramzy Abdul-Majeed, both of Dubai, UAE, (collectively the "Kataria Group") and the Vendors. The Vendors and the Kataria Group have made the necessary filings to dismiss legal proceedings in respect of the Property and have entered into full and final releases.

On closing of the acquisition, Oceanic paid the Kataria Group US$2,000,000 and issued the Kataria Group 8,000,000 common shares, of which 4,000,000 common shares were to be held in escrow and only released upon receipt of an independent report under National Instrument 43-101 which validates a resource equal to or greater than 450 million metric tonnes of 35% or higher iron content. The shares were released from escrow on December 5, 2011.

Private Placement Financing

On December 22, 2011, the Company completed a private placement issuing 5,750,000 units at $0.35 per unit for aggregate gross proceeds of $2,012,500. Each Unit consisted of one flow-through common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one non flow-through common share of the Company at a price of $1.00 per share until December 22, 2016. The unspent balance of this flow-through issuance at March 31, 2012 was $869,880.

The Company incurred cash share issue costs in the amount of $34,021 in connection with the private placement noted above.

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 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 its properties 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. However, 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. The Company incurred transaction costs associated with the demand loan of $245,137 (2011: $Nil), which have been expensed in the statement of loss and comprehensive loss. The Company has also incurred $13,187 (2011:$Nil) in interest charges in the period relating the demand loan.

Resource Estimate – Hopes Advance Project

The Company published two NI 43-101 compliant Mineral Resource estimates:

- In November 2011, the Company published an initial NI 43-101 compliant "In-Pit Mineral" Resource Estimate for the Hopes Advance project of 358,362,000 tonnes at 31.8% Fe indicated and 872,423,000 tonnes at 32.4% Fe inferred.

- This was followed by the publishing in April 2012 of an updated NI 43-101 compliant "In-Pit Mineral" Resource estimate for the Hopes Advance project of 720,765,000 tonnes at 32.4% Fe measured, 547,518,000 tonnes at 32.3% Fe indicated and 193,403,000 tonnes at 32.9% Fe inferred (detailed below).

Both estimates were based on the Company's 2011 resource verification and drilling program at the Hopes Advance project. The program consisted of 115 drill holes with 11,581 metres of NQ calibre drilling. 67 holes were twins of historic drill holes and 43 holes were exploration holes, which extended mineralization on Castle Mountain, West Zone, Iron Valley, and the Bay Zone. Based on the results from the exploration drilling, the Company believes there is potential to increase the resource base at Hopes Advance with additional exploration drilling at Castle Mountain, West Zone, and the Bay Zone. Airborne magnetics suggest additional drilling at Castle Mountain could extend mineralization 600 m to 1200 m to the northeast The Northwest Zone and Iron Plateau are currently untested.

Ten different mineralized areas were identified at Hopes Advance for inclusion into the updated resource estimate. These areas included Castle Mountain, the West Zone, Iron Valley, and the Bay Zone.

A separate block model was developed for each mineralized area. Grades were estimated using inverse distance cubed interpolation. The resource model is stratigraphic in nature and during resource estimation an unfolding technique was used to ensure that iron grades tracked along the stratigraphy. Mozley table and Davis tube test results were used to predict weight recovery based on head iron for each deposit. Whittle pit shells were developed for each zone using the economic assumptions summarized below. The resulting pit shells for each zone were used to constrain the updated mineral resource estimate reported in Table 2. The overall strip ratio for this In-Pit resource is 0.86 to 1 and is based on the conceptual pit shells. Conceptual pit shells do not include designed ramps and berms. The iron formation out-crops in most areas and would allow mining to begin with very little stripping. Furthermore, the iron formation is shallowly dipping in most zones which would allow mining to continue with a relatively low stripping ratio. At Castle Mountain the shallowly dipping iron formation could be mined along strike over 4.5 km.

Using a 25% total iron cut-off, the global mineral inventory is shown below in Table 1.

Table 1 – NI 43-101 Updated Global Mineral Inventory for Hopes Advance (at a 25% Fe cut-off)

Classification	April, 2012		
	Tonnes	**Fe (%)**	**Concentrate Tonnes**
Measured	857,258,000	32.3	331,754,000
Indicated	724,707,000	32.1	278,473,000
M+I	**1,581,965,000**	**32.2**	**610,227,000**
Inferred	269,399,000	32.6	103,390,000

(1) The tonnes and grade presented above are global in nature and do not reflect conceptual open pit shells or detailed designs.

Table 2 below describes the in-pit mineral resources for the Hopes Advance project.

Table 2 – NI 43-101 Updated In-Pit Mineral Resource Estimate for Hopes Advance (25% Cut-off)

Classification	Tonnes	Fe (%)	Concentrate Tonnes
Measured	720,765,000	32.4	279,806,000
Indicated	547,518,000	32.3	211,516,000
M+I	**1,268,283,000**	**32.3**	**491,322,000**
Inferred	193,403,000	32.9	75,112,000

(1) Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, socio-political, marketing, or other relevant issues.

(2) The mineral resources presented here were estimated using a block model with parent blocks of 50 m by 50 m by 15 m sub-blocked to a minimum size of 25 m by 25 m by 1 m and using ID3 methods for grade estimation. A total of 10 individual mineralized areas were identified and each estimated into a separate block model. Given the continuity of the iron assay values, no top cuts were applied. All resources are reported using an iron cut-off of 25% within Whittle optimization pit shells and a mining recovery of 100%.

(3) The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.

(4) The mineral resources in this press release were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council November 27, 2010.

The mineral resource estimates use the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by CIM Standing Committee on Reserve Definitions and adopted by CIM Council on November 27, 2010.

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 initial mineral resource estimate published in November 2011 is effective as of 9 September 2011. These mineral resources were estimated by Sam J. Shoemaker, Jr., M.AusIMM, and Registered Member-SME. Mr. Shoemaker is a Qualified Person as defined in NI 43-101 and is independent of the Company.

The mineral resource estimate presented in Tables 1 and 2 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.

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

Preliminary Economic Assessment ("PEA") – Hopes Advance Project

On September 22, 2011, the Company outlined the results of the PEA prepared by Micon in respect of the Hopes Advance project using the NI 43-101 Mineral Resource Estimate noted above. The full 43-101 report in respect of the PEA and Resource Estimate was released on SEDAR on November 4, 2011 and is available for review on the Company's website (www.oceanicironore.com) and SEDAR (www.sedar.com).

The PEA presents four potential project scenarios:

- Scenario 1 assumes production of 10 million tpa of 66.5% iron concentrate;
- Scenario 2 assumes production of 20 million tpa of 66.5% iron concentrate;
- Scenario 3 assumes production of 20 million tpa of iron pellets
- Scenario 4 assumes production of 10 million tpa of 66.5% iron concentrate and 10 million tpa iron pellets

In all four scenarios, the PEA demonstrates positive project economics. The Company will continue to study each alternative in detail through the pre-feasibility study stage prior to making a final decision as to the optimal scenario at the feasibility study stage.

The PEA is preliminary in nature and it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the conclusions in the PEA will be realized.

The table below lists the key PEA metrics. The analysis is based on the assumption that production would begin in 2016.

Table 3 – PEA Results (Pre-tax)

Category	Scenario 1 10m tpa con	Scenario 2 20m tpa con	Scenario 3 20m tpa pellet	Scenario 4 10m tpa con 10m tpa pellet
Price assumption	$115 / tonne	$115 / tonne	$150 / tonne	$115 / tonne con $150/tonne pellet
Pre-tax NPV (8%)	$5.5 billion	$10.4 billion	$12.0 billion	$11.0 billion
Pre tax IRR (%)	26.9%	34.0%	26.2%	28.4%
Payback (years)*	3.1 years	2.4 years	3.25 years	3.0 years
Mine Life (years)	47.7	23.8	25.9	24.8
Initial Capital Costs	$2.4 billion	$3.7 billion	$6.4 billion	$5.2 billion
Strip ratio	1.12	1.12	1.12	1.12

**post tax, unlevered*

The PEA assumes a concentrate selling price of $115/tonne and also takes into consideration the 2% NSR payable to the vendors of the project. The Company can purchase 1% of the NSR payable to the vendors at any time within the first two years of commencement of commercial production for a one-time payment of CAD $3 million.

In the PEA, the Company also reported its initial findings on metallurgy, port and shipping feasibility and environmental and social impacts:

Metallurgy

Two metallurgical programs are necessary to assess the resource at the Hopes Advance project.

The first program was designed to provide weight recovery and concentrate quality data on the composites from the drill holes at Hopes Advance that were used to further define the mineral resource. Over 600 composite samples constituting representative samples from the mineral resources at Hopes Advance were analyzed for ore characterization purposes and are described in further detail under "Metallurgical Bench Scale Testing".

The second program to undertake pilot plant testing and to develop the process flowsheet is also underway. In September and October, 2011, a 250-tonne bulk sample was collected from principal deposits of the Hopes Advance project in support of this program. Results from the pilot plant testing and flowsheet development will be used to support the pre-feasibility study due to be published in Q3.

Marine Logistics Study

The Company engaged AMEC Environment and Infrastructure to identify a location for a port facility in Hopes Advance Bay and prepare an initial report as to the feasibility of the construction of the facility at Breakwater Point, located approximately 21 kilometres from where a concentrator could be located at Hopes Advance.

The key conclusions from the AMEC report are as follows:

- Construction of a deep water port facility in Hopes Advance Bay is viable
- Breakwater Point has been identified as an ideal port location in terms of iron ore shipping logistics and marine facility construction costs
- Year round shipping to European and Asian markets using Cape size vessels is feasible
- The estimated incremental shipping cost from Hopes Advance Bay to Rotterdam is $5/tonne compared to the cost to ship to Rotterdam from the port of Sept-Iles. The optimum shipping cost is attained by direct shipment using ice class vessels from Hopes Advance Bay to Rotterdam
- The optimum shipping cost from Hopes Advance Bay to China is attained by direct shipping during summer and through trans-shipment during the winter season. The estimated weighted incremental shipping cost from Hopes Advance Bay to China ranges between $6 to $8/tonne in comparison to the shipping cost from Sept-Iles Bay

The Company continues to work with AMEC with respect to marine facility and port logistics in conjunction with the Pre-Feasibility study.

Environmental Review

The Company engaged Golder Associates of Montreal to advance the work necessary to provide an Environmental and Social Impact Assessment ("ESIA") on Hopes Advance.

The report reviewed the various areas requiring further study including the importance of continuing to inform and engage the Inuit community that resides in proximity to the project area, the need to complete a review of the presence of any species at risk or valued indigenous species and the potential impact of new infrastructures including energy sources for the project on the environment and local communities.

The report also notes that Golder has completed its first field survey and data collection at Hopes Advance, focused on aquatic habitats and that Golder has initiated consultations with the Inuit people, having now met with representatives of both Makivik Corporation and Aupaluk Landholdings, to exchange information about the environmental and social studies undertaken by the Company as well as increase the understanding of traditional land-use within the project study area. Golder undertook a fall fieldwork program and submitted the Project Notice in relation to the ESIA in January of this year.

The Company has been recently 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. The Company has been advised that while there is a requirement for resubmission of the Company's Project Notice, the overall completion dates should be maintained.

Metallurgical Bench Scale Testing – Hopes Advance Project

In April 2012, the Company published the results of a metallurgical bench scale testing program undertaken by SGS Mineral Services Lakefield ("SGS") in respect of the Hopes Advance project.

Some 611 composite samples from various deposits at Hopes Advance were analyzed by SGS. SGS designed a comprehensive bench scale metallurgical testing program to simulate a concentrating plant composed of a gravity circuit, followed by regrinding and a magnetic circuit.

The gravity circuit was simulated by a single stage of grinding to 80% passing 150 mesh (106 µ) followed by gravity recovery using a Mozley Table. This stage recovered relatively coarse grained hematite and aggregates of magnetite and hematite.

The regrinding and magnetic circuit was simulated using Davis Tube testing. Davis Tubes were run on Mozley Table tails when normalized Fe Recovery was less than 70% and magnetite content of a sample (Head Sat / Satmagan) was greater than 15%. The tailings were then ground to 100% passing 400 mesh and passed through a Davis Tube to recover the magnetite. The concentrate from the Mozley Table test and the Davis Tube test were combined to produce a total concentrate weight recovery and concentrate grade.

<u>Metallurgical Test Results</u>

Table 4 summarizes the concentrate grade and Fe recovery resulting from the gravity recovery (Mozley Table) analyses. The testing was designed to achieve a concentrate with a grade of 4.5 wt% SiO2, which is the current market accepted specification for iron concentrates for iron ore pellets.

Table 4. Gravity recovery (Mozley Table) Concentrate Grade and Recovery (at 4.5% SiO2)

Deposit	Weighted Average				
	Head Grade		Conc. Grade		Fe Recovery
	Fe	Sat	Fe	SiO_2	%
Iron Valley	33.2	12.5	66.05	4.50	77.01
Castle Mountain	32.8	15.0	65.78	4.50	75.68
Bay Zone	33.0	27.8	66.83	4.50	71.35
West Zone	34.0	19.9	65.44	4.50	64.98

Deposits at Castle Mountain, Iron Valley, and Bay Zone, where Fe recovery is greater than 70% ("High Gravity Recovery Deposits") as illustrated above, comprise over 91% of the total Hopes Advance Measured and Indicated resource (approximately 1.2 billion tonnes), as set out in Table 5 below .

Table 5. Measured and Indicated In-Pit Mineral Resource for High Gravity Recovery Deposits

Deposit	Classification	Fe (%)	WRCP (%)	Resource Tonnes	Concentrate Tonnes
Castle Mountain	Measured	32.0	38.4	328,091,000	125,934,000
Castle Mountain	Indicated	31.5	37.8	172,108,000	65,011,000
Castle Mountain	**M+I**	**31.8**	**38.2**	**500,199,000**	**190,945,000**
Iron Valley	Measured	33.9	41.0	65,427,000	26,843,000
Iron Valley	Indicated	33.5	40.4	121,897,000	49,288,000
Iron Valley	**M+I**	**33.6**	**40.6**	**187,324,000**	**76,131,000**
Bay Zone	Measured	32.4	39.1	259,279,000	101,387,000
Bay Zone	Indicated	32.1	38.6	211,022,000	81,508,000
Bay Zone	**M+I**	**32.3**	**38.9**	**470,301,000**	**182,895,000**
All HGR	**Measured**	**32.3**	**38.9**	**652,797,000**	**254,164,000**
All HGR	**Indicated**	**32.2**	**38.8**	**505,027,000**	**195,807,000**
All HGR	**M+I**	**32.3**	**38.9**	**1,157,824,000**	**449,971,000**
Total	**M+I**	**32.3**	**38.7**	**1,268,000,000**	**491,322,000**

As noted above, Davis Tubes were run on Mozley Table tails when normalized Fe recovery was less than 70% and magnetite content of a sample (Head Sat / Satmagan) was greater than 15%. Table 6 below shows the overall recovery achieved by combining the gravity concentrate and the magnetic concentrate while maintaining approximately 4.5% SiO2.

Table 6. Summary of Overall Concentrate Grade (at 4.5% SiO2)

Deposit	Overall Concentrate Grade					Overall Recovery			
	Fe %	SiO2 %	Al2O3 %	Sat %	MnO %	Wt %	Fe %	SiO2 %	Sat %
Bay Zone	66.96	4.46	0.03	59.15	0.28	40.08	81.01	4.38	81.06
Iron Valley	65.97	4.64	0.04	25.48	0.33	40.49	80.58	4.76	62.92
Castle Mountain	65.87	4.42	0.02	30.84	0.33	39.34	78.60	4.34	73.97
West Zone	65.81	4.34	0.03	41.28	0.73	38.80	74.58	4.40	72.50

Combined recovery methods at the High Gravity Recovery Deposits (Bay Zone, Iron Valley and Castle Mountain) achieved weight recoveries and Fe recoveries above or approaching 40% and 80% respectively.

Pre-Feasibility Study – Hopes Advance Project

As noted above, the Company is in the process of producing a pre-feasibility study expected to be completed in Q3, which takes into account of updated April 2012 Resource estimate and the results of additional extensive metallurgical testwork described above, to further illustrate the technical and economic feasibility of developing the Hopes Advance project.

The study is being led by Micon and Met-Chem Canada Inc. ("Met-Chem"). Micon is the overall project manager of the project and Met-Chem is leading the engineering component of the Pre-Feasibility study, focusing on processing plant, infrastructure, and metallurgical support.

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.

Appointment of Chief Operating Officer

On May 25, 2012, the Company announced the appointment of Alan Gorman as Chief Operating Officer. Mr. Gorman has 30 years of operations and technical experience with mining companies and projects, both in Canada and internationally. He has been involved with, led or managed large projects and mining operations for both intermediate and senior mining companies, and has extensive experience operating in northern and Arctic environments. Most recently, Mr. Gorman was Executive Vice President of Operations for Goldbrook Ventures Inc. ("Goldbrook") until Goldbrook was acquired in a successful takeover bid. Prior to his tenure at Goldbrook, Mr. Gorman was Vice President of Operations for Jien Canada Mining Ltd's Nunavik Nickel Project, as well as Operations Manager for Baffinland Iron Mines Corp. Mr. Gorman is based out of the Company's Montreal office.

Selected Annual Information

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

		2012		2011		2010
Total Assets, March 31	$	43,648,201	$	39,344,462	$	344,760
Revenues (**Note 1**)	$	116,218	$	59,159	$	399
Net loss for the year	$	(4,948,597)	$	(5,360,868)	$	(253,738)
Basic and diluted loss per share	$	(0.03)	$	(0.07)	$	(0.04)
Weighted average number of common shares outstanding		156,094,256		70,059,833		7,247,703

Note 1 – Revenues consist of interest income.

Total assets and operating expenses for the year ended March 31, 2011, when compared to those for the same period of 2010 increased due to the overall increase in business activity given the Company executed its acquisition of the Property along with the concurrent closing of the 2010 private placement financings, and incurred subsequent exploration expenditures at the Property. Factors that have caused changes in operations and financial position from the year ended March 31, 2011 to the year ended March 31, 2012 have been disclosed under the sections entitled "Overall Performance and Results of Operations" below.

Overall Performance and Results of Operations

Total assets increased to $43,648,201 at March 31, 2012 from $39,344,462 at March 31, 2011. The most significant assets at March 31, 2012 were mineral properties of $30,518,549 (March 31, 2011: $19,136,997), cash of $6,968,160 (March 31, 2011: $19,082,521), and receivables of $4,894,801 (March 31, 2011: $253,600). Excluding other liabilities, which is a non-cash item, the Company's net working capital position at March 31, 2012 is $9,549,005.

The increase in mineral properties of approximately $11.4 million reflects the costs incurred to complete the Company's 2011 resource verification program, including drilling, fieldwork and related transportation, lab testing and the completion of various technical reports including the technical report in respect of the NI 43-101 Mineral Resource Estimate and PEA relating to Hopes Advance.

The decrease in cash during the year of $12,114,361 was the result of $2,223,032 incurred in operating activities, $15,868,525 spent on exploration activities, $268,333 in equipment additions, $13,187 in interest expense on the Company's demand loan and $34,500 held in an investment as security on the Company's credit card, partially offset by proceeds on exercise of warrants and options of $2,621,066, net proceeds from the Company's demand loan facility of $1,293,687, net proceeds from the December 22, 2011 private placement of $1,978,479, proceeds from the sale of marketable securities of $171,962, interest income of $108,486 and $119,536 received in refundable exploration tax credits on eligible exploration expenditures incurred for the year ended March 31, 2011.

The increase in receivables of approximately $4.6 million primarily reflects the Company's estimate of expected refundable exploration tax credits receivable for eligible exploration expenditures incurred for the year ended March 31, 2012.

The Company incurred a net loss of $4,948,597 during the year ended March 31, 2012 (2011: $5,360,868). The most significant expenses incurred were share-based payments of $1,349,006 (2011: $4,668,087), consulting and management fees of $1,175,459 (2011: $284,194), and Investor relations and corporate development expenses of $475,667 (2011: $36,785). Share-based payments represent the Black-Scholes calculated fair value of the stock options issued to directors, officers, consultants and charities during the current and prior year. The increase in consulting and management fees relates to directors and officers' compensation as well as other consulting fees reflected costs incurred to support the overall expansion of the Company's operations. 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 undertaken to support the fast-track development of the Hopes Advance project.

During the year ended March 31, 2012, the Company recorded interest income of $116,218 (2011: $59,159), which consisted of interest earned on the Company's term deposits. The Company recorded income relating to renounced exploration expenditures of $740,828 (2011: $nil), a non cash item which reflects the sale of tax benefits to flow through shareholders in the period under IFRS. The Company also incurred $258,324 of interest and other financing expense (2011: $Nil), most of which comprise fees incurred to obtain the demand loan with National Bank in December 2011.

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, 2012, the Company reported a loss of $4,948,597 and as at that date had an accumulated deficit of $18,028,958.

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 expects it has sufficient cash resources to settle outstanding liabilities at March 31, 2012.

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, 2012, the Company was in compliance with this covenant.

Off-Balance Sheet Arrangements

As at March 31, 2012, the Company had no Off-Balance sheet arrangements.

Summary of Quarterly Results (unaudited)

	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Revenues (**Note 1**)	$ 20,957	$ 16,906	$ 27,896	$ 50,459
Net loss for the period	$ (984,848)	$ (1,363,160)	$ (1,275,568)	$ (1,325,021)
Basic and diluted loss per share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Revenues (**Note 1**)	$ 52,150	$ 1,440	$ 4,714	$ 855
Net loss for the period	$ (2,943,389)	$ (2,193,427)	$ (156,448)	$ (67,604)
Basic and diluted loss per share	$ (0.02)	$ (0.03)	$ (0.00)	$ (0.01)

Note 1 – Revenues consist of interest income.

Revenues and net loss began to increase in Q2 2011 from Q1 2011 as the Company began to raise money for the acquisition of the Property. The net loss then significantly increased in Q3 and Q4 2011 due to the increased business activity with the acquisition of the Property, and commencement of the Company's resource verification program, the majority of which can be attributed to share-based payments to officers, directors, consultants and charities. The net loss in the first quarter of 2012 decreased from the fourth quarter of 2011, the majority of which is due to the decrease in share based payments of $2,025,869 in the first quarter of 2012 compared to the fourth quarter of 2011. 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 period 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.

Fourth Quarter Results

The Company incurred a net loss of $984,848 during the three month period ended March 31, 2012 (2011: $2,943,389). The most significant expenses incurred were consulting and management fees of $533,381 (2011: $109,144) and investor relations and corporate development expenses of $223,506 (2011: $36,785). The increase in consulting and management fees over the fourth quarter of 2011 reflected costs incurred to support the overall expansion of the Company's operations as well as bonuses accrued for key management personnel. The increase in the investor relations and corporate development expense reflected increased investor, marketing and corporate development activities including participation in conferences and other general marketing efforts undertaken to support the fast-track development of the Hopes Advance project.

During the three month period ended March 31, 2012, the Company recorded interest income of $20,957 (2011: $52,150), which consisted of interest earned on the Company's term deposits. The Company recorded other income relating to renounced exploration expenditures of $261,170 (2011: $nil), 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 $258,324 (2011: $Nil), the majority of which relate to loan fees incurred in the third quarter of the current year in conjunction with the closing of the financing agreement with National Bank. In the fourth quarter, these costs were re-classified to the statement of loss and comprehensive loss from the statement of financial position.

The decrease in cash during the period of $1,253,352 was the result of $1,718,010 spent on exploration activities, $40,436 incurred in operating activities, $34,500 held in an investment as security on the Company's credit card and interest and loan fees accrued on the Company's demand loan facility of $18,437, partially offset by proceeds on exercise of warrants of $428,333, $119,536 received in refundable exploration tax credits on eligible exploration expenditures incurred for the year ended March 31, 2011 and interest income received of $10,162.

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, 2012.

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. Title to mineral properties in foreign jurisdictions is subject to uncertainty and consequently, such properties may be subject to prior undetected agreements or transfers and title may be affected by such defects.

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).

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, and any adjustment to tax payable in respect of previous years.

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.

Changes in Accounting Policies Including Initial Adoption

Basis of presentation and adoption of IFRS

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and required publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The Company adopted IFRS in accordance with IFRS 1, First Time Adoption of International Financial Reporting Standards ("IFRS 1"). Subject to certain transition elections provided for in IFRS 1 and disclosed below, the Company has consistently applied the same accounting policies in its opening IFRS statement of financial position at April 1, 2010 ("the transition date") and throughout all periods presented, as if these policies had always been in effect. Note 5 of the audited annual financial statements discloses the impact of the transition to IFRS on the Company's reported statement of position, equity, comprehensive loss and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements at the transition date as well as at March 31, 2011.

The accounting policies applied in these financial statements are presented in note 3 of the audited annual financial statements and are based on IFRS in effect as at March 31, 2012. These accounting policies have been applied in preparing the financial statements for the years ended March 31, 2012 and 2011, and the transition date of April 1, 2010. The Board of directors approved the financial statements on July 16, 2012.

Initial elections upon adoption

An IFRS 1 exemption allows the Company to not apply IFRS 2, 'Share-based payment', to equity instruments granted after 7 November 2002 and vested before the date of transition to IFRS. The Company has elected to take the exemption and, as a result, was only required to recalculate the impact on any share based payments that have not vested at the date of transition, April 1, 2010.

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 7, *Financial Instruments: Disclosures* (IFRS 7), 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), IAS 27, *Separate Financial Statements* (IAS 27), IFRS 13, *Fair Value Measurement* (IFRS 13) and amended IAS 12, *Income Taxes* (IAS 12). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 (unless otherwise noted) with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements, unless specifically disclosed below. The following is a brief summary of the new standards:

IFRS 7 - Financial Instruments: Disclosures

IFRS 7 has been amended to include additional disclosure requirements in the reporting of transfer transactions and risk exposures relating to transfers of financial assets and the effect of those risks on the entity's financial position, particularly those involving securitization of financial assets. This amendment is effective for annual periods beginning on or after July 1, 2011. The application of this pronouncement is not expected to have a material impact on the Company's financial statements.

IFRS 9 - Financial Instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. This amendment is effective for annual periods beginning on or after January 1, 2015.

IFRS 10 - Consolidation

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 - Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities - Non-monetary Contributions by Venturers.

IFRS 12 - Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

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.

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 January 1, 2012. The application of this pronouncement is not expected to have a material impact on the Company's financial statements.

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 mineral property impairment assessment, 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 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 2 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 fair value or carrying value of the financial assets noted above.

Liquidity Risk

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, 2012 and 2011 are presented below.

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	175,227	358,190	79,256	612,673

March 31, 2011

	Less than 1 year	1 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	$ 889,380	$ -	$ -	$ 889,380
Due to related parties	24,247	-	-	24,247
Demand loan	-	-	-	-
Advance royalty payable	175,227	358,190	144,252	677,669

The Company's ability to continue operations in the normal course of business is dependent on several factors, including 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, 2012.

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 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 fixed rate instruments. A 1% change in interest rates would have a $40,345 impact on net loss and comprehensive loss.

Fair value

The fair value of financial instruments at March 31, 2012 and 2011 is summarized as follows:

	March 31, 2012			March 31, 2011	
	Carrying amount	**Fair value**		Carrying amount	Fair value
Financial assets					
Held for trading					
Marketable securities	$ -	$ -		$ 171,250	$ 171,250
Loans and receivables					
Cash and cash equivalents	6,968,160	6,968,160		19,082,521	19,082,521
Amounts receivable - at amortized cost	4,894,801	4,894,801	(i)	253,600	253,600
Restricted cash	184,500	184,500	(i)	-	-
Financial liabilities at amortized cost					
Accounts payable and accrued liabilities	$ 1,053,264	$ 1,053,264	(i)	$ 889,380	$ 889,380
Due to related parties	412,640	412,640	(i)	24,247	24,247
Demand loan	1,688,824	1,688,824	(i)	-	-
Advance royalty payable	612,673	612,673	(i)	677,669	677,669

i) The carrying amount of cash, receivables, receivables, restricted cash, accounts payable, accrued liabilities, due to related parties, and the demand loan approximate fair value due their short-term nature.

Commitments

Effective March 1, 2011 (amended on January 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 1, 2011, the Company entered into an agreement with Optrust Office Inc. in respect of the leasing of office space in Montreal, Québec. The agreement expires on June 30, 2016, but the Company may terminate the agreement at the end of the second year with one year's notice.

Subsequent to year end, the Company provided notice of termination to Optrust Office Inc. with respect to the above lease and entered into an agreement with Monit International Inc. in respect of the leasing of new 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. Absent of a termination of the agreements by either party, the committed rent charges for the Company are as follows:

Including the rent commitments agreed upon subsequent to year end, the committed rent charges for the Company are as follows:

March 31,	Vancouver office rent	Montreal office rent	Total Commitments
2013	$ 12,589	$ 54,813	$ 67,402
2014	-	124,964	124,964
2015	-	126,312	126,312
2016	-	127,684	127,684
thereafter	-	170,973	170,973
	$ 12,589	$ 604,746	$ 617,335

As noted in note 9, 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 first payment to the Vendors on November 25, 2011.

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:

	Year ended March 31, 2012	Year ended March 31, 2011
Consulting fees	$ 839,500	$ 21,650
Directors fees	51,733	7,500
Share-based payments	1,271,874	4,104,381
	$ 2,163,107	$ 4,133,531

b) Payments for services by related parties

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, 2012, the Company incurred $136,915 in shared lease and overhead, and service costs (2011: $21,650). Refer to the section entitled "Commitments" for a listing of future commitments in respect of such lease costs.

c) Services provided to related parties

During the year ended March 31, 2012, the Company provided accounting, administrative and geological services to an affiliated company with a director and an officer in common. For the year ended March 31, 2012, the Company earned income totalling $15,484 for accounting, administrative and geological services (2011: $Nil).

Amounts due to related parties at March 31, 2012 amounted to $412,640 (March 31, 2011 - $24,247). 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 174,743,231 common shares issued and outstanding.

As at the date of this report, there were 17,388,500 stock options and 37,837,500 common share purchase warrants outstanding.

Subsequent Events

Subsequent to year end,

a) A total of 781,667 warrants were exercised at a price of $0.10.

b) The Company issued a total of 1,000,000 options to an officer of the Company with an exercise price of $0.27 and expiry date of May 25, 2022.

c) The Company issued a total of 250,000 options to a consultant with an exercise price of $0.26 and expiry date of May 28, 2017.

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, there are certain conditions and events that may cast significant doubt on the validity of this assumption. For the year ended March 31, 2012, the Company reported a loss of $4,948,597 and as at that date had an accumulated deficit of $18,028,958. 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 balance sheet 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 precious metals and other 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 precious metals and other 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 gold 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 gold 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.

Controls and Procedures

In connection with Exemption Orders issued in November 2007 and revised in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

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 "Risk Factors" in the Company's Filing Statement dated November 22, 2010 (a copy of which is publicly available on SEDAR at www.sedar.com under the Company's profile) and elsewhere in documents filed from time to time, including MD&A, with the TSX

Venture Exchange and other regulatory authorities. Such factors include, among others, risks related to the ability of the Company to obtain necessary financing and adequate insurance; the economy generally; fluctuations in the currency markets; fluctuations in the spot and forward price of iron ore or certain other commodities (e.g., diesel fuel and electricity); changes in interest rates; disruption to the credit markets and delays in obtaining financing; the possibility of cost overruns or unanticipated expenses; employee relations. Accordingly, readers are advised not to place undue reliance on Forward-Looking Statements. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise Forward-Looking Statements, whether as a result of new information, future events or otherwise.

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