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 audited financial statements and related notes. 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 27, 2016.

## 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.

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. The Company is currently focused on continuing its development of the Hopes Advance project through a feasibility study and environmental assessment as well as securing a strategic partner for the Hopes Advance project.

## Cost Savings

As at March 31, 2016, the Company's cash and cash equivalents balance was $607,446 (March 31, 2015 - $1,944,510). In light of challenging capital markets, the Company has taken significant measures to optimize and preserve its cash position. This is evidenced through reduced spending at the project level, as well as reduced management salaries and corporate overheads. Consulting and management fees for the year ended March 31, 2016 was $212,500 (2015: $440,825). Investor relations and corporate development costs was $91,342 (2015: $223,676). Mineral property exploration costs for the year ended March 31, 2016 were $357,580 (2015: $1,223,843), approximately $250,000 of which were non-cash expenditures. Commencing January 1, 2016, management implemented further reductions to executive management compensation, providing annual cost savings of approximately $140,000. Management will continue to monitor its expenses in order to continue to optimize the Company's cash.

## Convertible Debenture Amendment

On September 23, 2015, the Company issued a press release to announce that it had entered into an amending agreement to its convertible debenture with Sino- Canada Resources Fund I ("Sino-Canada"). As part of the debenture amendment, the Company made a partial repayment in the amount of $974,671 of the principal debenture balance through the issuance of common shares of the Company. Further, the maturity date of the remaining principal amount of $2,025,329 was extended to November 23, 2017, a 24 month extension from the original maturity date of November 23, 2015. Refer to the convertible debenture discussion below for further details on the transaction.

## Royalty Agreement Amendments

On September 29, 2015, the Company signed an amendment to its royalty agreement with 154619 Canada Inc. whereby the Company, at its discretion, may defer payment of the annual advance royalty payment of $100,000, originally due November 30, 2015, for a period of up to one year.

Further, on November 4, 2015, the Company signed an amendment in respect of its royalty agreement with SPG Royalties Inc. ("SPG"), whereby the Company was allowed to settle the annual advance royalty payment of $100,000 due on November 30, 2015 by making a partial cash payment of $50,000, with the remainder of the balance settled through the issuance of common shares of the Company. The price at which the common shares were issued in partial payment of the advanced royalty payment was $0.1569, which is 110% of the price determined through the partial conversion of the Company's debenture with Sino-Canada announced on November 23, 2015.

154619 Canada Inc. is a corporation controlled by Mr. Peter Ferderber. Mr. Ferderber assigned his original 1% net smelter royalty to the numbered company in 2012. SPG is the assignee of the late Mr. John Patrick Sheridan, and owns the remaining 1% net smelter royalty.

The Company and the royalty holders have agreed to the amendments in the interest of preserving cash while Oceanic continues to pursue its strategic investment and partnering objectives.

## Hopes Advance Project Update

No further work has been completed during 2016 in respect of the Environmental Impact Assessment. The work has been temporarily suspended as a consequence of current market conditions and pending additional investments. The outstanding components of the Environmental Impact Assessment work include marine baseline data inventories and additional consultations with relevant stakeholders.

The Company continues to focus its resources on securing a strategic partner. Discussions continue to progress with a number of prospective investors.

## 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. Further information in respect of the Company's Pre-Feasibility Study is available in the full National Instrument 43-101 ("NI 43-101") technical report on the Company's website (www.oceanicironore.com) and on SEDAR (www.sedar.com).
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. The Resource Estimate NI 43-101 technical report is available on the Company's website (www.oceanicironore.com) and on SEDAR (www.sedar.com).

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.

4. *Metallurgy*

   - Metallurgical bench scale testing program and pilot plant testwork was conducted by SGS Mineral Services Lakefield which was completed to optimize the process flow sheet for the recovery of hematite and magnetite ores.

5. *Product Versatility and Marketability*

   - Completion of a Product Value-In-Use Marketing Study, led by Vulcantech Technologies Pty Ltd. Further discussion of the results of the study can be found in the press release on the Company's website (www.oceanicironore.com).

   - Completed a Pot Grate test work program, performed by Coleraine Minerals Research Laboratory and supervised by Rod Johnson, VP Geometallurgy. Details on the results of the program can be found in the press release on the Company's website (www.oceanicironore.com).

   - Completion of a Shipping Optimization Study, led by AMEC Environment and Infrastructure. Details on the results of the study can be found in the press release on the Company's website (www.oceanicironore.com).

6. *Community/Government Relations and Support*

   - As noted above, in June 2015, the Québec government, through its subdivision Ressources Québec, provided the Company with a Letter of Intent, whereby Ressources Québec would contribute up to 25% or $3.75 million of a potential future $15 million financing to bring the Hopes Advance project through a Feasibility Study, subject to additional future government approvals.

7. *Environmental*

   - To date, all of the terrestrial baseline work for the Environmental Impact Assessment has been completed. As noted above, the outstanding components include marine baseline data inventories and additional consultations with relevant stakeholders.

   - A time sensitive migratory bird survey was completed during May 2016 in order to maintain the Company's schedule in respect of the project's Environmental Impact Statement. No additional environmental work or expenditure is presently contemplated until the Company succeeds at securing additional short term financing.

Eddy Canova, P.Geo., OGQ(403), a Qualified Person as defined by NI 43-101, has reviewed and is responsible for the technical information contained in this document.

## Selected Annual Information

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

| | 2016 | 2015 | 2014 |
|---|---|---|---|
| Total Assets, March 31 | $ 41,944,451 | $ 43,093,764 | $ 42,353,032 |
| Non-current financial liabilities | $ 1,876,596 | $ 440,377 | $ 2,670,910 |
| Revenues (**Note 1**) | $ - | $ - | $ - |
| Net loss for the year | $ (1,740,023) | $ (2,300,770) | $ (2,405,957) |
| Basic and diluted loss per share | $ (0.05) | $ (0.09) | $ (0.12) |
| Weighted average number of common shares outstanding | 37,605,844 | 26,955,652 | 19,661,822 |

**Note 1** – As the Company has yet to achieve commercial production from its mineral asset, the Company has no revenue to report during the financial reporting periods noted above.

Factors that have caused changes in operations and financial position from the year ended March 31, 2015 to the year ended March 31, 2016 have been disclosed under the section entitled "Overall Performance and Results of Operations" below. The total assets balance increased from March 31, 2014 to March 31, 2015 as a result of a non-brokered private placement financing for net proceeds of $2,972,950 which occurred in fiscal 2015. This was partially offset by cash outflow from operating activities of $1.1 million in addition to interest payments paid on the Company's convertible debenture for the amount of $180 thousand.

The non-current financial liabilities decreased from March 31, 2014 to March 31, 2015 as a result of the Sino-Canada convertible debenture, with an original maturity date of November 23, 2015, being reclassified from non-current to current during 2015.

The net loss in March 31, 2015 remained relatively consistent when compared to the same period in 2014, with the decrease resulting from a decrease in consulting and management fees as a result of management's efforts to preserve the Company's cash balance.

## Overall Performance and Results of Operations

Total assets decreased to $41,944,451 at March 31, 2016 from $43,093,764 at March 31, 2015. The most significant assets at March 31, 2016 were mineral properties of $40,966,820 (March 31, 2015: $40,500,238), and cash and cash equivalents of $607,446 (March 31, 2015: $1,944,510). The Company's working capital at March 31, 2016 was $418,298.

The net increase in mineral properties of $466,582 reflects the associated holding costs of the Company's properties, land access payments, amortization of the Company's equipment, as well as office and administrative costs.

The decrease in cash during the year of $1,337,064 resulted from $232,417 incurred from investing activities, $165,380 incurred from financing activities, and $939,267 incurred from operating activities. Cash outflows from investing activities related in their entirety to mineral property expenditures as described above. Cash outflows from financing activities related in their entirety to interest paid on the convertible debenture.

The Company incurred a net loss of $1,740,023 during the year ended March 31, 2016 (2015: $2,300,770). The most significant operating expenses incurred were consulting and management fees of $212,500 (2015: $440,825) incurred to support the Company's operations, wages and benefits of $399,756 (2015: $419,582), and share-based payments of $374,442 (2015: $408,785). Consulting and management fees and wages and benefits experienced a decrease from the prior year as a result of the Company's decision to implement management fee and salary reductions with key management of the Company. The reductions will amount to normalized savings of approximately $140,000 per year going forward. Further, the decrease in share-based payments as compared to the prior year is a result of a decreased number of stock options vesting during the current year as compared to the prior year. Non-cash share based payments represent the Black-Scholes calculated fair value of the stock options vested during the year from options granted to directors, officers, employees and consultants.

During the year ended March 31, 2016, the Company recorded interest and other expense of $16,566 (2015: interest and other income of $19,255) as a result of a receivable balance being written off during the year, partially offset by interest income earned on GICs held by the Company. The Company incurred $534,095 of interest and other financing expense during the year ended March 31, 2016 (2015: $574,346). The interest and other financing expense comprised non-cash accretion of the convertible debenture (*Refer to Convertible Debenture discussion below*). The Company recognized a deferred tax recovery of $125,020 (2015: 246,758) as a result of the amended convertible debenture agreement (*Refer to Convertible Debenture discussion below*).

## Liquidity and Capital Resources

While the financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events result in a material uncertainty casting significant doubt on the validity of this assumption. For the year ended March 31, 2016, the Company reported a loss of $1,740,023 and as at that date had an accumulated deficit of $27,104,031. Although the Company's working capital at March 31, 2016 was $418,298, the Company's ability to continue on a going concern basis beyond the next twelve months depends on its ability to successfully raise additional financing for continued operations and for the necessary capital expenditures required to achieve planned principal operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

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, the retention of key executive management and the state of global financial and metals markets.

<u>Convertible Debenture Amendment</u>

On May 23, 2013, the Company completed a non-brokered financing of $3 million by way of issuance of a convertible debenture, which bears interest, payable quarterly, at a rate of 6% until November 23, 2015.

On September 22, 2015, the Company signed an amendment to the debenture agreement with Sino-Canada whereby, on November 23, 2015, the Company made a partial repayment through the issuance of common shares of the Company. The partial repayment of the principal amount and the number of common shares issued was determined such that the repayment resulted in Sino-Canada holding, in the aggregate, 19.9% of the issued and outstanding common shares of the Company. The conversion price and resulting reduction in the principal owing on the debenture was based on the volume weighted average trading price of the Company's common shares on the TSXV for the 20 days ending on November 20, 2015, which was $0.1426. As such, a total of 6,835,000 shares were issued to Sino-Canada on November 23, 2015, thereby reducing the principal balance of the debenture by $974,671 to $2,025,329. Further, pursuant to the amending agreement, the maturity date of the remaining principal amounts of the convertible debenture was extended to November 23, 2017, a 24 month extension from the original maturity date.

Pursuant to the debenture amendment, the remaining principal amount of the debenture is convertible to common shares of the Company at a price of $0.43 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 $0.43 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.

The amendment was accounted for as a debt extinguishment as the terms under the amended agreement were deemed substantially different than the terms under the original convertible debenture. This resulted in the original debenture being derecognized and a new debenture recognized. For accounting purposes, the new debenture was separated into its liability and equity components using the effective interest rate method. The fair value of the new liability component at the date of recognition was calculated as the discounted cash flows for the convertible debenture under the amended terms of the agreement assuming a 20% effective interest rate which was the estimated rate for a convertible debenture without a conversion feature. This resulted in a fair value of $1,560,570 being recognized as the new liability component. The fair value of the equity component (conversion feature under amended agreement) was determined to be $464,750, which was the difference between the face value of the new convertible debenture and the fair value of the new liability component, less a deferred income tax adjustment of $125,020 to reflect the book to tax difference in value of the convertible debenture at the date of the amendment.

As at the original maturity date of November 23, 2015, the equity component of the original debenture was out of the money, the $562,011 original equity component balance was reclassified to contributed surplus.

Accretion and other financing expense for the year ended March 31, 2016 was $534,095 (2015: $574,346).

## Off-Balance Sheet Arrangements

As at March 31, 2016, 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 2016 | Q3 2016 | Q2 2016 | Q1 2016 |
|---|---|---|---|---|
| Revenues (**Note 1**) | $ - | $ - | $ - | $ - |
| Net loss | $ (382,640) | $ (408,632) | $ (457,705) | $ (491,046) |
| Basic and diluted loss per share | $ (0.02) | $ (0.01) | $ (0.01) | $ (0.01) |

| | Q4 2015 | Q3 2015 | Q2 2015 | Q1 2015 |
|---|---|---|---|---|
| Revenues (**Note 1**) | $ - | $ - | $ - | $ - |
| Net loss | $ (652,042) | $ (707,976) | $ (467,715) | $ (473,037) |
| Basic and diluted loss per share | $ (0.03) | $ (0.02) | $ (0.02) | $ (0.02) |

**Note 1** – As the Company has yet to achieve commercial production from its mineral related assets, the Company has no revenue to report during the financial reporting periods noted above.

The increase in net loss in Q3 2015 versus Q2 2015 and Q1 2015 is attributed to an increase in share-based payments representing the Black-Scholes calculated fair value of the stock options vested during the period from options granted to directors, officers, employees and consultants during the period. Further, during Q3 2015 there was no deferred income tax recovery recognized during the quarter as a result of the deferred income tax liability being eliminated in Q2 2015. The decrease in net loss in Q4 2015 from Q3 2015 is a result of a decrease in consulting and management fees due to the Company's amended consulting agreements which reduced the amount of consulting fees charged, in addition to a decrease in share-based payments as a result of a lower number of stock options vesting during the period, partially offset by an increase in professional fees during the period due to the accrual of the annual financial statement audit fee. The decrease in Q1 2016 and Q2 2016 from Q4 2015 is a result of a decrease in share-based payments due to a lower number of stock options vesting during the period, in addition to a decrease in professional fees as a result of the Company's annual audit taking place in the prior quarter which resulted in increased accounting and audit fees in the prior period. Furthermore, the Company experienced a decrease in investor relations and corporate development costs due to decreased travel expenses as a result of management's efforts to preserve the Company's cash balance. The net loss remained relatively consistent from Q2 2016 to Q3 2016. The decrease in net loss from Q3 2016 to Q4 2016 is a result of a decrease in management salaries and fees paid to executives of the Company in management's efforts to preserve the Company's cash position.

## Fourth Quarter Results

The Company incurred a net loss of $382,640 during the three months ended March 31, 2016 (2015: $652,042). The most significant operating expenses incurred were share-based payments of $101,063 (2015: $139,125), consulting and management fees of $43,750 (2015: $51,458), and wages and benefits of $81,251 (2015: $101,130). The decrease in share based payments from prior year is due to a lower number of stock options vesting during the current period from the same period in the prior year. Non-cash share-based payments represent the Black-Scholes calculated fair value of the stock options vested during the period from options granted to directors, officers, employees and consultants. Consulting and management fees and wages and benefits decreased from the same period in the prior year as a result of the Company's decision to implement management fee and salary reductions to key management.

During the three months ended March 31, 2016, the Company recorded interest income of $966 (2015: $4,790) resulting from interest income earned on GICs held by the Company. The Company incurred $80,152 of interest and other financing expense during the three months ended March 31, 2016 (2015: $149,884). The interest and other financing expense comprised non-cash accretion expense of the convertible debenture, which was originally issued in May 2013 (Refer to Convertible Debenture discussion above).

## 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, 2016.

## 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, fair value of the liability component of the convertible debenture (which includes estimates of (i) the amount and timing of cash flows, and (ii) the Company's cost of debt), 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 for the year ended March 31, 2016 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 one large Canadian financial institution. 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 the Company's cash needs over the short term. Contractual undiscounted cash flow requirements for financial liabilities as at March 31, 2016 and March 31, 2015 are presented below.

**March 31, 2016**

| | Less than 1 year | 1 - 3 years | 4 - 5 years | Total |
|---|---|---|---|---|
| Accounts payable and accrued liabilities | $ 43,353 | $ - | $ - | $ 43,353 |
| Due to related parties | 20,131 | - | - | 20,131 |
| Advance royalty payable | 300,000 | 400,000 | 200,000 | 900,000 |

**March 31, 2015**

| | Less than 1 year | 1 - 3 years | 4 - 5 years | Total |
|---|---|---|---|---|
| Accounts payable and accrued liabilities | $ 126,857 | $ - | $ - | $ 126,857 |
| Due to related parties | 23,056 | - | - | 23,056 |
| 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 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.

*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 its cash and cash equivalents. The Company manages market risk by investing funds with a reputable financial institution that provides competitive rates of return.

The Company's financial instruments are not subject to significant fluctuation due to changes in equity prices of investments included 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 instruments with a history of returns. A 1% change in interest rates would have a $5,945 impact on net loss and comprehensive loss.

*Fair value*

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 cash and cash equivalents, receivables, restricted cash, accounts payable and accrued liabilities, and due to related parties approximate their fair values due to their short term nature.

## Commitments

Effective March 1, 2011 (amended on July 1, 2012 and January 1, 2014); 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 office in Vancouver. The agreement expires on September 29, 2017. 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 prior notice.

As part of the acquisition of the Ungava Bay mineral properties, commencing on November 30, 2011, Oceanic must pay advance net smelter royalty ("NSR") payments of $200,000 per year, which will be credited against all future NSR payments payable from production. On September 28, 2015, the Company signed an amendment to the Royalty Agreement with a Royalty Holder whereby both parties agreed that the November 30, 2015 advance royalty payment of $100,000 was deferred, at the discretion of the Company, by a period of up to one year. On November 25, 2014, the Company made its fourth payment to one of the royalty holders for $100,000, with the second payment of $100,000 remaining outstanding and due on or before November 30, 2016.

The committed charges for the Company are as follows:

| March 31, | Vancouver office rent | Montreal office rent | NSR payments | Total commitments |
|---|---|---|---|---|
| 2017 | 25,457 | 175,761 | 300,000 | 501,218 |
| 2018 | - | - | 200,000 | 200,000 |
| Thereafter | - | - | 400,000 | 400,000 |
| | $ 25,457 | $ 175,761 | $ 900,000 | $ 1,101,218 |

## 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:

| Related Party | Relationship | Compensation Type | Year end March 31, 2016 | Year end March 31, 2015 |
|---|---|---|---|---|
| Steven Dean | Executive Chairman and Director | Share-based payments | $ 175,706 | $ 125,761 |
| Alan Gorman | President and CEO | Wages, benefits, and share-based payments | 337,178 | 360,851 |
| Gordon Keep | Director | Directors' fees and share-based payments | 28,114 | 25,694 |
| Hon. John D. Reynolds P.C. | Director | Directors' fees and share-based payments | 24,986 | 23,332 |
| Jean Martel | Director | Directors' fees and share-based payments | 27,334 | 25,694 |
| Gregg Sedun | Director | Share-based payments | 4,181 | 10,970 |
| Chris Batalha | CFO and Corporate Secretary | Wages, benefits, and share-based payments | 90,880 | 26,814 |
| Irfan Shariff | Former Officer | Share-based payments | - | 15,671 |
| | | | $ 688,379 | $ 614,787 |

b) Payments for services by related parties

During the year ended March 31, 2016, the Company incurred corporate consulting fees of $152,500 (2015: $261,250) to Sirocco Advisory Services Ltd., a company controlled by Steven Dean, a director and officer of the Company.

During the year ended March 31, 2016, the Company incurred corporate consulting fees of $nil (2015: $119,375) to Shariff Advisory Services Ltd., a company controlled by Irfan Shariff, a former officer of the Company.

As disclosed in the section entitled "Commitments", the Company is charged shared lease and overhead, and service costs by Atlantic Gold Corporation, a company with a director and officer in common, being Steven Dean and Chris Batalha, respectively. For the year ended March 31, 2016, the Company incurred $128,764 (2015: $147,131) in shared lease, overhead, and service costs. Refer to the section entitled "Commitments" for a listing of future commitments in respect of such lease costs.

Amounts due to related parties at March 31, 2016 totalled $20,131 (March 31, 2015: $23,056). All related party transactions were made on terms equivalent to those that prevail in arm's length transactions. None of the amounts due to/from related parties are secured against assets of the Company.

## Outstanding Share Data

As at the date of this report, there were 42,308,124 common shares issued and outstanding.

As at the date of this report, there were 3,830,950 stock options, 15,536,250 common share purchase warrants, and 2,596,354 RSUs outstanding.

As discussed in the section entitled "Convertible Debenture", under the terms of the convertible debenture amendment, a partial repayment of the principle amount of the debenture was made on November 23, 2015 through the issuance of common shares of the Company. The partial repayment reduced the principal amount of the debenture by $974,671 to $2,025,329. The remaining principal amount of $2,025,329 can be converted, at the election of the subscriber, to 4,710,067 common shares of the Company at a price of $0.43 per share. 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 $0.43 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 at $0.43 per common share.

## Risks and Uncertainties

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties. At present, the mineral properties owned by the Company are located 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, certain conditions and events result in material uncertainty casting significant doubt on the validity of this assumption. For the year ended March 31, 2016, the Company reported a loss of $1,740,023 and as at that date had an accumulated deficit of $27,104,031 and working capital of $418,298. The Company will need to raise sufficient funds in order to finance ongoing exploration, development and administrative expenses over the coming 12 months. 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, the retention of key executive management and the state of 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 Québec, 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 Québec or Canada more broadly 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. For example, in 2013 the Government of Québec announced proposed changes to Québec's Mining Act, which were subsequently defeated in the Legislature. It is possible that amended changes may be proposed at some future date. 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.

## 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; (6) labour and material costs increasing on a basis consistent with the Company's current expectations; and (7) the ability to achieve the required financing from equity markets, debt markets and/or a strategic partner/off-taker to facilitate the development and eventual construction of the Company's projects. 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.