Oceanic Iron Ore Corp.

Unaudited Condensed Interim Financial Statements
For the three and six months ended June 30, 2019 and 2018
(Stated in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of Oceanic Iron Ore Corp. have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Oceanic Iron Ore Corp.
Consolidated Statements of Financial Position

	Notes		As at June 30, 2019		As at December 31, 2018
Assets					
Current					
Cash and cash equivalents		**$**	**925,393**	$	1,358,358
Receivables			**9,231**		33,181
Prepaid expenses and deposits			**14,302**		12,085
Restricted cash			**1,150**		1,150
			950,076		1,404,774
Mineral properties	*4*		**43,038,842**		42,581,712
		$	**43,988,918**	$	43,986,486
Liabilities					
Current					
Accounts payable and accrued liabilities		**$**	**305,974**	$	169,164
Due to related parties			**213,000**		131,166
Current portion of advance royalty payable	*4b*		**387,204**		369,529
			906,178		669,859
Non-current portion of advance royalty payable	*4b*		**471,164**		350,000
Convertible debentures	*5*		**4,586,235**		3,059,501
			5,963,577		4,079,360
Shareholders' equity					
Share capital			**60,091,231**		60,091,231
Contributed surplus	*6b,c,d*		**10,480,059**		10,354,193
Deficit			**(32,545,949)**		(30,538,298)
			38,025,341		39,907,126
		$	**43,988,918**	$	43,986,486

Nature of operations and going concern	*1*
Commitments	*7*

Approved by the Board:

" Steven Dean " Director

" Gordon Keep " Director

The accompanying notes are an integral part of these condensed interim financial statements

Oceanic Iron Ore Corp.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
For the three and six months ended June 30, 2019 and 2018

	Notes	***Three months ended* June 30, 2019**	*Three months ended* June 30, 2018	***Six months ended* June 30, 2019**	*Six months ended* June 30, 2018
Expenses					
Consulting and management fees		**$ 58,750**	$ 58,750	**$ 117,500**	$ 117,500
Directors' fees		**7,500**	5,000	**15,000**	15,000
Investor relations and corporate development		**-**	835	**270**	2,025
License and insurance		**3,368**	4,740	**8,893**	9,795
Office and general		**3,633**	5,532	**9,181**	9,022
Professional fees		**17,172**	2,542	**21,484**	32,361
Rent		**8,939**	8,917	**17,875**	17,828
Share-based payments	*6b,c*	**41,427**	-	**125,866**	11,413
Transfer agent and regulatory		**1,849**	7,503	**5,997**	15,032
Wages and benefits		**26,175**	26,260	**49,589**	56,419
		(168,813)	(120,079)	**(371,655)**	(286,396)
Other expenses					
Unrealized loss on convertible debenture derivative liability	*5*	**(695,591)**	317,120	**(1,472,872)**	(63,698)
Convertible debenture accretion expense		**(82,167)**	(27,787)	**(163,124)**	(55,102)
Net income (loss) before income taxes		**(946,571)**	169,254	**(2,007,651)**	(405,196)
Deferred income tax expense		**-**	-	-	(79,775)
Net income (loss) and comprehensive income (loss) for the period		**$ (946,571)**	$ 169,254	**$ (2,007,651)**	$ (484,971)
Earnings (loss) per common share - basic and diluted		**$ (0.01)**	$ 0.00	**$ (0.03)**	$ (0.01)
Weighted average number of common shares outstanding		**69,055,849**	67,997,516	**69,055,849**	67,830,849

The accompanying notes are an integral part of these condensed interim financial statements

Oceanic Iron Ore Corp.

Consolidated Statements of Changes in Equity
For the three and six months ended June 30, 2019 and 2018

	Notes	Shares		Share Capital		Contributed surplus		Convertible Debenture		Deficit		Total Equity
Balance - January 1, 2019		**69,055,849**	**$**	**60,091,231**	**$**	**10,354,193**	**$**	**-**	**$**	**(30,538,298)**	**$**	**39,907,126**
Share-based compensation	6c	-		-		89,948		-		-		89,948
Restricted share units compensation	6b	-		-		35,918		-		-		35,918
Net loss for the period		-		-		-		-		(2,007,651)		(2,007,651)
Balance - June 30, 2019		**69,055,849**	**$**	**60,091,231**	**$**	**10,480,059**	**$**	**-**	**$**	**(32,545,949)**	**$**	**38,025,341**

	Notes	Shares		Share Capital		Contributed surplus		Convertible Debenture		Deficit		Total Equity
Balance - January 1, 2018		**66,997,516**	**$**	**59,893,208**	**$**	**10,389,030**	**$**	**207,473**	**$**	**(29,259,770)**	**$**	**41,229,941**
Share-based compensation	6c	-		-		11,413		-		-		11,413
Settlement of convertible debenture - equity portion		-		-		-		(207,473)		-		(207,473)
Settlement of advance royalty payment		1,000,000		100,000		-		-		-		100,000
Net loss for the period		-		-		-		-		(484,971)		(484,971)
Balance - June 30, 2018		**67,997,516**	**$**	**59,993,208**	**$**	**10,400,443**	**$**	**-**	**$**	**(29,744,741)**	**$**	**40,648,910**

The accompanying notes are an integral part of these financial statements

Oceanic Iron Ore Corp.

Consolidated Statements of Cash Flows

For the three and six months ended June 30, 2019 and 2018

	Notes	**Three Months ended June 30, 2019**	Three Months ended June 30, 2018	**Six months ended June 30, 2019**	Six months ended June 30, 2018
Operating activities					
Net income (loss) for the period		**$ (946,571)**	$ 169,254	**$ (2,007,651)**	$ (484,971)
Adjustments for:					
Deferred income tax		**-**	-	**-**	79,775
Share-based payments		**41,427**	-	**125,866**	11,413
Unrealized loss on convertible debenture derivative liability	5	**695,591**	(317,120)	**1,472,872**	63,698
Convertible debenture interest expense		**82,167**	27,787	**163,124**	55,102
Net changes in non-cash working capital balances:					
Prepaid expenses and deposits		**(2,464)**	4,529	**(10,477)**	(33,787)
Receivables		**9,485**	(1,421)	**16,101**	1,558
Accounts payable and accrued liabilities		**(3,832)**	26,816	**8,495**	11,175
Due to related parties		**6,599**	9,521	**81,834**	85,272
		(117,597)	(80,634)	**(149,836)**	(210,765)
Investing activities					
Mineral property expenditures		**(183,003)**	(29,298)	**(173,864)**	(50,315)
		(183,003)	(29,298)	**(173,864)**	(50,315)
Financing activities					
Interest paid on convertible debenture	5	**(54,667)**	(17,213)	**(109,262)**	(34,426)
Proceeds from convertible debenture net of issuance costs		**-**	-	**-**	(20,640)
		(54,667)	(17,213)	**(109,262)**	(55,066)
Change in cash during the period		**(355,267)**	(127,145)	**(432,963)**	(316,146)
Cash, beginning of period		**1,280,662**	330,373	**1,358,358**	519,374
Cash, end of period		**$ 925,395**	$ 203,228	**$ 925,395**	$ 203,228

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Oceanic Iron Ore Corp. ("Oceanic" or the "Company") is an exploration stage company engaged in the acquisition and exploration of iron ore properties in Québec, Canada. The Company was incorporated on March 8, 1986 under the British Columbia Business Corporations Act. The Company maintains its head office at 595 Burrard Street, Suite 3083, Vancouver, British Columbia. The Company's registered/records office is located at 1500 – 1055 West Georgia Street, Vancouver, British Columbia. Its common shares are traded on the TSX Venture Exchange under the symbol "FEO".

The Company acquired a 100% interest in certain mining claims (the "Property") located near Ungava Bay, Québec, Canada in November, 2010. The Company is currently conducting exploration activity on the Property.

While these financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events result in a material uncertainty casting significant doubt on the validity of this assumption. For the six months ended June 30, 2019, the Company reported loss of $2,007,651 and as at that date had an accumulated deficit of $32,545,949 and working capital surplus of $43,898. The Company will need to raise additional funds in order to finance ongoing exploration, development and administrative expenses over the coming 12 months. The Company continues to pursue a number of options to improve its financial capacity, including securing a strategic partner to further advance the Hopes Advance project, and obtaining cash flow through other forms of financing. The success of raising such funds cannot be assured. 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.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Auditing Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board. These condensed interim financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited annual financial statements for the period ended December 31, 2018. The accounting policies followed in these condensed interim financial statements are the same as those applied in note 4 of the Company's audited annual financial statements for the period ended December 31, 2018, except for IFRS 16 which was adopted on January 1, 2019 and discussed in further detail in Note 3 below.

These financial statements were approved by the board of directors on August 20, 2019.

3. CHANGES IN ACCOUNTING POLICIES

IFRS 16 – *Leases*

The following lease accounting policy has been applied as of January 1, 2019 on adoption of IFRS 16. For comparative periods prior to 2019, the Company applied lease policies in accordance with IAS 17, Leases (IAS 17). Leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases were charged to the statement of loss and comprehensive loss over the period of the lease.

Under IFRS 16, at inception of a contract, the Company is required to assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company evaluates whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if the Company has the right to direct the use of the asset. At inception, or on a reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset, which is included in property, plant and equipment, and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- Fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- Exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in our estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to the statement of loss and comprehensive loss.

3. CHANGES IN ACCOUNTING POLICIES (continued)

IFRS 16 – *Leases (continued)*

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to the statement of income and comprehensive income over the lease term.

There was no impact to the Company's financial statements as a result of the adoption of IFRS 16 on January 1, 2019.

4. MINERAL PROPERTIES - UNGAVA BAY

a) Acquisition costs

		Six months ended June 30, 2019		Nine months ended December 31, 2018
Acquisition Costs - beginning of period	**$**	**19,193,453**	$	19,099,787
Additions during the period				
Additional advance royalty payable		**-**		-
Accretion of advance royalty payable		**138,839**		93,666
Acquisition Costs - end of period	**$**	**19,332,292**	$	19,193,453

b) Exploration costs

		Six months ended June 30, 2019		Nine months ended December 31, 2018
Cumulative exploration costs - beginning of period	**$**	**23,388,259**	$	23,225,858
Expenditures during the period				
Permitting & claims		**23,024**		68,467
Consultants		**293,415**		83,000
Equipment, supplies & rentals		**28**		3,063
Office and accomodation		**1,736**		7,759
Transportation		**88**		112
Exploration expenditures for the period		**318,290**		162,401
Cumulative exploration costs - end of period	**$**	**23,706,550**	**$**	**23,388,259**
Grand total - mineral properties	**$**	**43,038,842**	$	42,581,712

Under the terms of the acquisition of the Property, the Company must pay advance net smelter return ("NSR") payments of $200,000 per year until the commencement of commercial production. The aggregate advance NSR payments will then be credited against all future NSR payments payable from production. The advance NSR payments included in the purchase price represent the present value of advance payments to the royalty holders until the estimated date of commencement of commercial production.

4. MINERAL PROPERTIES - UNGAVA BAY (continued)

b) Exploration costs (continued)

During the year management revised its estimate on the timeline for reaching commercial production, extending the number of advance NSR payments to be paid by the Company, which resulted in an increase in the advance royalty payable of $80,576. The total estimated future undiscounted NSR payment as at June 30, 2019 is $1,200,000 (December 31, 2018: $1,000,000) (Note 7). For the three and six months ended June 30, 2019, accretion of the advance royalty payable totaled $31,851 and $58,263, respectively (June 30, 2018 - $31,818 and $58,133). At June 30, 2019, the total advance royalty payable was $858,368 (December 31, 2018: $719,529), with $387,204 recognized as a current liability (December 31, 2018: $369,529) and $471,164 recognized as a long-term liability (December 31, 2018: $350,000).

5. CONVERTIBLE DEBENTURE

	Convertible debenture - 2017 Debentures	Convertible debenture - 2018 Debentures	Total
Opening balance - April 1, 2018	**$ 1,184,281**	**$ -**	**$1,184,281**
Cash received	-	1,812,500	**1,812,500**
Transaction costs allocated	-	(45,416)	**(45,416)**
Interest expense and accretion	80,727	13,507	**94,234**
Amortization of transaction costs	2,886	530	**3,416**
Interest payments	(51,639)	(13,507)	**(65,146)**
Settlement of convertible debenture	(51,773)	-	**(51,773)**
Unrealized (gain) loss due to fair value adjustment on derivative liability	(134,260)	261,665	**127,405**
Balance - December 31, 2018	**$ 1,030,222**	**$ 2,029,279**	**$3,059,501**
Interest expense and accretion	54,130	103,077	**157,207**
Amortization of transaction costs	1,148	4,769	**5,917**
Interest payments	(32,231)	(77,031)	**(109,262)**
Unrealized loss due to fair value adjustment on derivative liability	84,797	1,388,075	**1,472,872**
Balance - June 30, 2019	**$ 1,138,066**	**$ 3,448,169**	**$4,586,235**

6. SHARE CAPITAL

a) Share Capital

Unlimited common and preferred shares without par value

b) Restricted Share Units ("RSUs")

A summary of the changes in RSUs is as follows:

	Number of RSUs
Balance - January 1, 2018	433,333
Settled	(433,333)
RSUs outstanding - December 31, 2018	-
Granted	684,157
RSUs outstanding - June 30, 2019	**684,157**

RSU expense for the three and six months ended June 30, 2019 was $7,696 and $35,918, respectively (June 30, 2018: $nil) which was recorded within share-based compensation in the statements of income (loss) and comprehensive income (loss).

c) Stock options

A summary of the changes in the stock options is as follows:

	Options		Weighted average exercise price
Options outstanding - January 1, 2018	4,374,283	$	0.19
Forfeited	(998,333)		0.19
	3,375,950		0.19
Options outstanding - December 31, 2018			
Granted	1,990,000		0.09
Options outstanding - June 30, 2019	**5,365,950**	**$**	**0.16**

Total share-based payments recognized during the three and six months ended June 30, 2019 was $33,731 and $89,948, respectively, which was expensed in the consolidated statements of income (loss) and comprehensive income (loss) (June 30, 2018 - nil and $11,413, respectively).

6. SHARE CAPITAL (continued)

c) Stock options

The following table summarizes information about stock options outstanding at June 30, 2019:

Number of Options outstanding	Exercise Price CAD	Expiry Date	Options Exercisable
392,350	0.20	November 30, 2020	392,350
250,000	0.20	January 5, 2021	250,000
30,000	0.20	January 11, 2021	30,000
10,000	0.20	April 5, 2021	10,000
110,600	0.20	May 18, 2021	110,600
205,000	0.20	December 16, 2021	205,000
183,000	0.20	January 18, 2023	183,000
765,000	0.155	November 25, 2024	765,000
25,000	0.155	December 15, 2024	25,000
570,000	0.15	December 2, 2025	570,000
835,000	0.25	January 20, 2027	835,000
1,990,000	0.09	March 19, 2029	663,333
5,365,950			4,039,283

d) Share purchase warrants

As at June 30, 2019 the Company had a total of 625,500 share purchase warrants outstanding with an exercise price of $0.10, expiring on September 30, 2022.

A summary of the changes in the share purchase warrants is as follows:

	Number		Weighted average exercise price
Balance - January 1, 2018	4,925,000		0.30
Expired	(4,925,000)		0.30
Issued	625,000		0.10
Balance - December 31, 2018 and June 30, 2019	**625,000**	**$**	**0.10**

7. COMMITMENTS

Effective March 1, 2011 (amended on January 1, 2017) 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 December 31, 2019. Either party may terminate the agreement by providing 90 days' 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 (Note 4b).

The committed charges for the Company are as follows:

June 30	Vancouver office rent	NSR payments	Total commitments
2020	8,624	400,000	408,624
2021	-	200,000	200,000
Thereafter	-	600,000	600,000
	$ 8,624	$ 1,200,000	$ 1,208,624

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

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