Oceanic Iron Ore Corp.

Unaudited Condensed Interim Financial Statements
For the three months ended June 30, 2016 and 2015
(Stated in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of Oceanic Iron Ore Corp. ("the Company") 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 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.
Statements of Financial Position

	June 30, 2016	March 31, 2016
Assets		
Current assets		
Cash and cash equivalents	**$ 410,584**	$ 607,446
Receivables (Note 3)	**17,406**	88,038
Prepaid expenses and deposits	**113,995**	136,159
Restricted cash	**34,500**	34,500
	576,485	866,143
Equipment	**81,956**	111,488
Mineral properties (Note 4)	**41,135,858**	40,966,820
	$ 41,794,299	$ 41,944,451
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 65,704**	$ 43,353
Due to related parties (Note 8)	**19,478**	20,131
Current portion of advance royalty payable (Note 4(b))	**276,203**	262,841
Current portion of convertible debenture - liability component (Note 5)	**24,696**	121,520
	386,081	447,845
Non-current portion of advance royalty payable (Note 4(b))	**380,156**	361,765
Non-current portion of convertible debenture (Note 5)	**1,663,958**	1,514,831
	2,430,195	2,324,441
Shareholders' equity		
Share capital (Notes 6(a),4(b))	**56,372,208**	56,372,208
Contributed surplus (6(c),6(d), 6(e))	**10,075,735**	10,012,094
Convertible debenture - equity component (Note 5)	**339,739**	339,739
Deficit	**(27,423,578)**	(27,104,031)
	39,364,104	39,620,010
	$ 41,794,299	$ 41,944,451

Nature of operations and going concern (Note 1)
Commitments (Note 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.

Statements of Loss and Comprehensive Loss
For the three months ended June 30, 2016 and 2015

		June 30, 2016		June 30, 2015
Expenses				
Consulting and management fees	**$**	**43,750**	$	56,250
Directors' fees		**7,500**		7,500
Investor relations and corporate development		**18,671**		32,988
License and insurance		**5,092**		8,370
Office and general		**4,719**		9,576
Professional fees		**7,912**		11,692
Rent		**8,468**		25,739
Share-based payments (Note 6(c)(d))		**63,641**		80,308
Transfer agent and regulatory		**979**		(163)
Travel		**514**		842
Wages and benefits		**75,964**		108,092
Loss from operations		**237,210**		341,194
Other income (expenses)				
Interest income		**346**		4,589
Interest and other financing expense		**(82,683)**		(154,441)
Net loss and comprehensive loss for the period	**$**	**(319,547)**	$	(491,046)
Loss per common share - basic and diluted	**$**	**(0.01)**	$	(0.01)
Weighted average number of common shares outstanding		**42,308,124**		35,048,136

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

Oceanic Iron Ore Corp.
Statements of Changes in Equity
For the three months ended June 30, 2016 and 2015

	Share capital										
	Number of shares		Amount		Contributed surplus		Convertible debenture		Deficit		Total equity
Balance - April 1, 2016	**42,308,124**	**$**	**56,372,208**	**$**	**10,012,094**	**$**	**339,739**	**$**	**(27,104,031)**	**$**	**39,620,010**
Share-based payments recognized	-		-		63,641		-		-		63,641
Net loss for the period	-		-		-		-		(319,547)		(319,547)
Balance - June 30, 2016	**42,308,124**	**$**	**56,372,208**	**$**	**10,075,735**	**$**	**339,739**	**$**	**(27,423,578)**	**$**	**39,364,104**

	Share capital										
	Number of shares		Amount		Contributed Surplus		Convertible debenture		Deficit		Total equity
Balance - April 1, 2015	**35,048,136**	**$**	**55,331,590**	**$**	**9,091,588**	**$**	**562,011**	**$**	**(25,364,008)**	**$**	**39,621,181**
Share-based payments recognized	-		-		80,308		-		-		80,308
Net loss for the period	-		-		-		-		(491,046)		(491,046)
Balance - June 30, 2015	**35,048,136**	**$**	**55,331,590**	**$**	**9,171,896**	**$**	**562,011**	**$**	**(25,855,054)**	**$**	**39,210,443**

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

Oceanic Iron Ore Corp.

Statement of Cash Flows

For the three months ended June 30, 2016 and 2015

		Three Months ended June 30, 2016		Three Months ended June 30, 2015
Operating activities				
Net loss for the period	$	(319,547)	$	(491,046)
Adjustments for:				
Share-based payments		63,641		80,308
Other (income) expense		(346)		(4,589)
Interest and financing expense		82,683		154,441
Net changes in non-cash working capital balances:				
Prepaid expenses and deposits		22,165		9,975
Receivables		69,633		4,401
Accounts payable and accrued liabilities		7,956		(34,025)
Due to related parties		(653)		3,864
		(74,468)		(276,671)
Investing activities				
Mineral property expenditures		(92,014)		(58,981)
Interest income received		-		177
		(92,014)		(58,804)
Financing activities				
Interest paid on convertible debenture (Note 5)		(30,380)		(45,000)
		(30,380)		(45,000)
Change in cash and cash equivalents during the period		(196,862)		(380,475)
Cash and cash equivalents, beginning of period		607,446		1,944,510
Cash and cash equivalents, end of period	$	410,584	$	1,564,035
Cash and cash equivalents are comprised of the following:				
Cash	$	584	$	64,035
Term deposits	$	410,000	$	1,500,000
	$	410,584	$	1,564,035
Non cash investing and financing activities				
Accretion on debt portion of convertible debenture		82,683		154,441
Accretion on advance royalty payable		31,754		31,296
Change in mineral property expenditures in accounts payable		14,392		(6,323)
Depreciation of equipment charged to mineral properties		29,532		29,532

The accompanying notes are an integral part of these condensed interim 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 three months ended June 30, 2016, the Company reported a loss of $319,547 and as at that date had an accumulated deficit of $27,423,578 and working capital of $190,405. 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.

2. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Auditing Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board. 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 year ended March 31, 2016. The accounting policies followed in these condensed interim financial statements are the same as those applied in note 3 of the Company's audited annual financial statements for the year ended March 31, 2016.

The Board of Directors approved these condensed interim financial statements on August 24, 2016.

3. RECEIVABLES

	June 30, 2016	March 31, 2016
Input tax credits	$ 14,784	$ 14,934
Refundable exploration tax credits	-	70,109
Interest and other receivables	2,622	2,995
	$ 17,406	**$ 88,038**

4. MINERAL PROPERTIES - UNGAVA BAY

a) Acquisition costs

	Three months ended June 30 2016	Three months ended June 30, 2015
Balance - Beginning of Period	**$ 18,598,530**	$ 18,489,528
Additions		
Accretion of advance royalty payable	31,754	31,296
Balance - End of Period	**$ 18,630,284**	$ 18,520,824

b) Exploration costs

	Three months ended June 30 2016	Three months ended June 30, 2015
Cumulative exploration costs - Beginning of Period	**$ 22,368,290**	$ 22,010,710
Expenditures during the Period		
Permitting & claims	**45,259**	12,407
Consultants	**1,700**	2,400
Equipment, supplies & rentals	**3,784**	35,938
Office and accomodation	**34,008**	34,828
Transportation	**23,001**	-
Equipment depreciation	**29,532**	29,532
Exploration expenditures for the Period	**137,284**	115,105
Cumulative exploration costs - End of Period	**$ 22,505,574**	**$ 22,125,815**
Grand total - mineral properties	**$ 41,135,858**	$ 40,646,639

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 Vendors until the estimated date of commencement of commercial production.

4. MINERAL PROPERTIES - UNGAVA BAY (continued)

b) Exploration costs (continued)

On September 29, 2015, the Company signed an amendment to the royalty agreement with 154619 Canada Inc., whereby the annual advance royalty payment of $100,000, originally due November 30, 2015, will be deferred, at the discretion of the Company, by a period of up to one year. As of the date on which these financial statements were approved by the Board, the $100,000 advance royalty payment had not been made. 154619 Canada Inc. is a corporation controlled by Mr. Peter Ferderber, who assigned his original 1% NSR to the numbered company in 2012.

The remaining 1% NSR advance royalty payment is due to SPG Royalties Inc. ("SPG"), the assignee of the late Mr. John Patrick Sheridan. On November 4, 2015, the Company signed an amendment in respect of its royalty agreement with SPG, whereby the Company settled the $100,000, 2015 advance royalty payment 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 was $0.1569, which was 110% of the price determined through the partial conversion of the Company's debenture with Sino-Canada Resources Fund I ("Sino-Canada") announced on November 23, 2015 (refer to Note 5). As such, a total of 318,674 common shares were issued to SPG on November 30, 2015.

The Company discounted the advance NSR payments using a discount rate of 20%, representing the estimated rate of return of similar investments at the date of acquisition. The advance royalty liability will be accreted up to the date of ultimate NSR advance payment, resulting in an increase to mineral property acquisition costs and the advance royalty payable. The total estimated future undiscounted NSR payment as at June 30, 2016, 2016 is $900,000 (March 31, 2016: $900,000) (Note 7). For the three month period ended June 30, 2016, accretion of the advance royalty payable totaled $31,753 (2015: $31,296). At June 30, 2016, the total Advance Royalty payable was $656,359 (March 31, 2016: $624,606), with $262,841 (March 31, 2016: $262,841) recognized as a current liability and $393,518 recognized as a long term liability (March 31, 2015: $361,765).

5. CONVERTIBLE DEBENTURE

	Liability component	Equity component	Total
Opening balance - April 1, 2015	**$ 2,707,066**	**$ 562,011**	**$ 3,269,077**
Amortization of issuance costs	40,653	-	**40,653**
Accretion of discount	493,442	-	**493,442**
Partial settlement of convertible debenture	(974,671)	-	**(974,671)**
Extinguishment of convertible debenture (Old)	(2,025,329)	(562,011)	**(2,587,340)**
Recognition of convertible debenture (New)	1,560,570	464,759	**2,025,329**
Deferred income tax liability	-	(125,020)	**(125,020)**
Interest payments	(165,380)	-	**(165,380)**
Balance - March 31, 2016	**$ 1,636,351**	**$ 339,739**	**$ 1,976,090**
Accretion of discount	82,683	-	**82,683**
Interest payments	(30,380)	-	**(30,380)**
Balance - June 30, 2016	**$ 1,688,654**	**$ 339,739**	**$ 2,028,394**

5. CONVERTIBLE DEBENTURE (continued)

On September 22, 2015, the Company signed an amending agreement to its convertible debenture with Sino-Canada. Pursuant to the amending agreement, on November 23, 2015, the Company made a partial repayment on the convertible debenture through the issuance of common shares of the Company. The partial repayment of the principal amount and the number of commons shares issued, were determined such that the number of common shares issued resulted in Sino-Canada holding, in the aggregate following conversion, 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 determined based on the volume weighted average trading price of the Company's common shares on the TSXV for the 20 trading days ended 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.

Pursuant to the amending agreement, the maturity date of the remaining principal amount of the convertible debenture was extended to November 23, 2017, an extension of 24 months from the original maturity date, and the conversion price for the remaining principal amount of the convertible debenture was reduced from $1.60 per share to $0.43 per share.

The amendment was accounted for as a debt extinguishment as the terms under the amended agreement were deemed substantially different from the terms under the original convertible debenture in accordance with IFRS. 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 on the Company's convertible debenture for the three months ended June 30, 2016 was $82,683 (2015: $154,441).

6. SHARE CAPITAL

(a) Share Capital

Unlimited common and preferred shares without par value

(b) Issued and fully paid common shares

On November 4, 2015, the Company signed an amendment in respect of its royalty agreement with SPG, whereby the Company settled its 2015 advance royalty payment by making a partial settlement through the issuance of common shares of the Company. Refer to Note 4b above.

On November 23, 2015, the Company made a partial repayment on its convertible debenture through the issuance of common shares of the Company. Refer to Note 5 above.

c) Restricted Share Units ("RSUs")

The RSU plan provides for the issuance of common shares from treasury upon the exercise of vested RSUs at no additional consideration. The current maximum number of common shares authorized for issue under the RSU plan is 3,491,057. The RSUs have vesting conditions determined by the Board of Directors.

A summary of the changes in RSUs is as follows:

	Number of RSUs
Balance - April 1, 2015	1,481,835
Granted	1,233,333
Settled	(106,314)
Forfeited	(12,500)
RSUs outstanding - March 31, 2016 and June 30, 2016	**2,596,354**

On December 2, 2015, the Company granted a total of 1,233,333 RSUs to directors and officers of the Company. The vesting period for the RSUs granted is as follows: 1/3 on the grant date, 1/3 on the twelve month anniversary date, and 1/3 on the twenty four month anniversary date. Each RSU has a fair value of $0.15 which was the closing share price at the grant date.

RSU expense for the three months ended June 30, 2016 was $44,530 (2015: $55,020) which was recorded within Share-based payment expense in the Statement of Loss and Comprehensive Loss.

6. SHARE CAPITAL (continued)

(d) Stock options

The Company has established a rolling stock option plan (the "Plan") in compliance with the TSX Venture Exchange's policy for granting stock options. Under the Plan, the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares and the term of any option granted under the Plan may not exceed ten years. The exercise price of each option shall not be less than the market price of the Company's stock at the date of grant. Each option vesting period is determined on a grant by grant basis. Stock options are settled through the issuance of the Company's common shares.

As at June 30, 2016 and March 31, 2016, the Company had a total of 3,830,950 stock options outstanding with a weighted average exercise price of $0.17.

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

	Options	Weighted average
Options outstanding - April 1, 2015	3,404,350	0.18
Expired	(413,400)	0.05
Granted	840,000	0.15
Options outstanding - March 31, 2016 and June 30, 2016	3,830,950	0.17
Options exerciseable - June 30, 2016	3,550,950	0.19

The following table summarizes information about stock options outstanding at June 30, 2016:

Number of Options outstanding	**Exercise Price CAD**	**Expiry Date**	**Options Exercisable**
155,000	0.20	August 25, 2016	155,000
25,000	0.20	May 28, 2017	25,000
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
100,000	0.20	May 25, 2022	100,000
150,000	0.20	October 18, 2022	150,000
223,000	0.20	January 18, 2023	223,000
1,315,000	0.155	November 25, 2024	1,315,000
25,000	0.155	December 15, 2024	25,000
840,000	0.15	December 2, 2025	560,000
3,830,950			3,550,950

6. SHARE CAPITAL (continued)

(e) Share purchase warrants

As at June 30, 2016 the Company had a total of 15,536,250 share purchase warrants outstanding with a weighted average exercise price of $0.48.

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

	Number	Weighted average exercise price
Balance - April 1, 2015	19,032,500	2.11
Expired	(3,496,250)	9.34
Balance March 31, 2016 and June 30, 2016	**15,536,250**	**$ 0.48**

The following table summarizes information about share purchase warrants outstanding at June 30, 2016:

Outstanding and exercisable	Weighted average exercise price	Expiry date	Weighted average remaining contractual life (years)
287,500	10.00	December 22, 2016	0.5
15,248,750	0.30	April 9, 2017	0.8
15,536,250	**$ 0.48**		**0.8**

7. COMMITMENTS

Effective March 1, 2011 (amended on July 1, 2012) the Company entered into an agreement with an affiliated company, with a director and officer in common, in respect of shared lease, overhead and service costs. Under the agreement, the Company is billed quarterly for office rental and other services relating to its 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. Please refer to Notes 4(b) as it pertains to payments made during the period.

7. COMMITMENTS (continued)

The committed charges for the Company are as follows:

June 30,	Vancouver office rent	Montreal office rent	NSR payments	Total commitments
2017	16,971	62,124	300,000	379,095
2018	-	-	200,000	200,000
Thereafter	-	-	400,000	400,000
	$ 16,971	$ 62,124	$ 900,000	$ 979,095

8. 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 Chief Operating Officer. Compensation awarded to key management is presented in the table below:

	Three months ended June 30 2016	Three months ended June 30, 2015
Wages and benefits	**$ 58,750**	$ 81,250
Directors' fees	**7,500**	7,500
Share-based payments	**57,974**	78,771
	$ 124,224	$ 167,521

b) Payments for services by related parties

During the three months ended June 30, 2016, the Company incurred corporate consulting fees of $28,750 (2015: $41,250), to Sirocco Advisory Services Ltd., a company controlled by a director and officer of the Company.

As disclosed in Note 7, the Company is charged shared lease, overhead, and service costs by Atlantic Gold Corporation, a company with a director and officer in common. For the three month period ended June 30, 2016, the Company incurred $18,550 (2015: $35,851) in shared lease, overhead, and service costs. Refer to Note 7 for a listing of future commitments in respect of such lease costs.

Amounts due to related parties at June 30, 2016 amounted to $19,478 (March 31, 2016: $20,131). 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.

9. 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, receivables, accounts payable, accrued liabilities, advance royalty payable, and due to related parties approximate their fair values due to their short term nature.