Oceanic Iron Ore Corp.

Annual Financial Statements
For the years ended March 31, 2012 and 2011
(Stated in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Oceanic Iron Ore Corp.

We have audited the accompanying financial statements of Oceanic Iron Ore Corp., which comprise the statements of financial position as at March 31, 2012, March 31, 2011 and April 1, 2010, the statements of loss and comprehensive loss, changes in equity and cash flows for the years ended March 31, 2012 and March 31, 2011, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Oceanic Iron Ore Corp. as at March 31, 2012, March 31, 2011 and April 1, 2010 and its financial performance and its cash flows for the years ended March 31, 2012 and March 31, 2011 in accordance with International Financial Reporting Standards.

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Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Oceanic Iron Ore Corp. to continue as a going concern.

signed "PricewaterhouseCoopers LLP"

Chartered Accountants
July 18, 2012

Oceanic Iron Ore Corp.

Statements of Financial Position

		March 31, 2012	March 31, 2011 (Note 5)	April 1, 2010 (Note 5)
Assets				
Current assets				
Cash and cash equivalents	$	**6,968,160**	$ 19,082,521	$ 194,169
Marketable securities		**-**	171,250	120,056
Receivables (Note 6)		**4,894,801**	253,600	-
Prepaid expenses and deposits (Note 7)		**831,499**	700,094	21,266
Restricted cash		**184,500**	-	-
		12,878,960	20,207,465	335,491
Equipment (Note 8)		**250,692**	-	9,269
Mineral Properties (Note 9)		**30,518,549**	19,136,997	-
	$	**43,648,201**	$ 39,344,462	$ 344,760
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	$	**1,053,264**	$ 889,380	$ 24,644
Due to related parties (Note 14)		**412,640**	24,247	-
Demand loan (Note 10)		**1,688,824**	-	-
Current portion of advance royalty payable (Note 9)		**175,227**	175,227	-
Other liabilities		**198,830**	479,658	-
		3,528,785	1,568,512	24,644
Advance royalty payable (Note 9)		**437,446**	502,442	-
Deferred income tax liability (Note 12)		**1,298,011**	-	-
		5,264,242	2,070,954	24,644
Shareholders' equity				
Share capital (Notes 11(a),11(b))		**49,382,158**	44,518,546	7,616,876
Contributed surplus (Notes 11(c),11(d))		**7,030,759**	5,835,323	422,733
Deficit		**(18,028,958)**	(13,080,361)	(7,719,493)
		38,383,959	37,273,508	320,116
	$	**43,648,201**	$ 39,344,462	$ 344,760

Nature of operations and going concern (Note 1)
Commitments (Note 13)
Subsequent events (Note 17)

Approved by the Board:

" Steven Dean " Director

" Gordon Keep " Director

The accompanying notes are an integral part of these financial statements

Oceanic Iron Ore Corp.

Statements of Loss and Comprehensive Loss

For the years ended March 31, 2012 and 2011

	2012	2011
Expenses		
Amortization	$ -	$ 1,200
Consulting and management	1,175,459	284,194
Directors Fees	51,733	7,500
Investor relations & corporate development	475,667	36,785
License and insurance	34,100	6,964
Office and general	153,220	27,203
Professional fees	150,927	140,893
Rent	88,593	95,301
Share-based payments (Note 11(c))	1,349,006	4,668,087
Transfer agent and regulatory	103,440	57,081
Travel	81,952	44,925
Donations and sponsorships	61,250	-
Wages and benefits	136,415	118,745
Loss from operations	3,861,762	5,488,878
Other income (expenses)		
Interest income	116,218	59,159
Gain on marketable securities	712	126,976
Impairment of investment	-	(50,056)
Impairment of equipment	-	(8,069)
Income relating to renounced exploration expenditures	740,828	-
Interest and financing expense	(258,324)	-
Other expense	(22,123)	-
Net loss before income taxes	(3,284,451)	(5,360,868)
Deferred tax expense (Note 12)	(1,664,146)	-
Net loss and comprehensive loss for the year	$ (4,948,597)	$ (5,360,868)
Loss per common share - basic and diluted	$ (0.03)	$ (0.07)
Weighted average number of common shares outstanding	156,094,256	70,059,833

Oceanic Iron Ore Corp.

Statements of Changes in Equity

For the years ended March 31, 2012 and 2011

	Share capital				
	Number of shares	Amount	Contributed Surplus	Deficit	Total equity
Balance - April 1, 2011	**142,791,217**	**$ 44,518,546**	**$ 5,835,323**	**$ (13,080,361)**	**$ 37,273,508**
Shares issued for cash, net of flow-through share premium	5,750,000	1,552,500	-	-	1,552,500
Share issue costs	-	(34,021)	-	-	(34,021)
Warrants exercised	24,893,333	2,716,716	(227,383)	-	2,489,333
Options exercised	527,014	262,281	(130,548)	-	131,733
Share-based compensation recognized	-	-	1,553,367	-	1,553,367
Net loss for the year	-	-	-	(4,948,597)	(4,948,597)
Tax recovery on share issuance costs (Note 11(b))	-	366,136	-	-	366,136
Balance - March 31, 2012	**173,961,564**	**$ 49,382,158**	**$ 7,030,759**	**$ (18,028,958)**	**$ 38,383,959**

	Share capital				
	Number of shares	Amount (Note 5)	Contributed Surplus	Deficit	Total equity
Balance - April 1, 2010	**7,247,703**	**$ 7,616,876**	**$ 422,733**	**$ (7,719,493)**	**$ 320,116**
					-
Shares issued for cash, net of flow-through share premium	81,525,000	21,495,781	997,061	-	22,492,842
Shares issued for mineral property	38,000,000	14,456,987	-	-	14,456,987
Shares issued as finders fees	1,010,000	384,252	-	-	384,252
Share issue costs	-	(1,282,710)	(44,352)	-	(1,327,062)
Fair value of warrants exercised	14,325,000	1,563,349	(130,849)	-	1,432,500
Options exercised	683,514	284,011	(107,728)	-	176,283
Share-based compensation recognized	-	-	4,698,458	-	4,698,458
Net loss for the year	-	-	-	(5,360,868)	(5,360,868)
Balance - March 31, 2011	**142,791,217**	**$ 44,518,546**	**$ 5,835,323**	**$ (13,080,361)**	**$ 37,273,508**

Oceanic Iron Ore Corp.

Statements of Cash Flows

For the years ended March 31, 2012 and 2011

		March 31, 2012		March 31, 2011
Operating activities				
Net loss for the year	$	**(4,948,597)**	$	(5,360,868)
Adjustments for:				
Deferred income tax expense		**1,664,146**		-
Amortization		**-**		1,200
Share-based payments		**1,349,006**		4,668,087
Interest income		**(116,218)**		(57,535)
Gain on marketable securities		**(712)**		(126,976)
Impairment of investments		**-**		50,056
Impairment of equipment		**-**		8,069
Income relating to renounced exploration expenditures		**(740,828)**		-
Interest and other financing expense		**258,324**		-
Net changes in non-cash working capital balances:				
Prepaid expenses and deposits (Note 7)		**(22,939)**		(39,523)
Receivables		**(110,416)**		(203,628)
Accounts payable and accrued liabilities		**56,809**		96,046
Due to related parties		**388,393**		24,247
		(2,223,032)		(940,825)
Investing activities				
Mineral property expenditures		**(15,868,525)**		(3,458,333)
Refundable exploration tax credit received		**119,536**		-
Equipment additions		**(268,333)**		-
Interest income received		**108,486**		7,562
Proceeds from sale of marketable securities		**171,962**		25,726
Restricted cash		**(34,500)**		-
		(15,771,374)		(3,425,045)
Financing activities				
Demand loan proceeds (Note 10)		**1,688,824**		-
Demand loan fees (Note 10)		**(245,137)**		-
Demand loan proceeds held as restricted cash (Note 10)		**(150,000)**		-
Interest paid on demand loan (Note 10)		**(13,187)**		-
Private placements (Note 11(b))		**2,012,500**		22,972,500
Share issue costs (Note 11(b))		**(34,021)**		(1,327,062)
Exercise of stock options (Note 11(c))		**131,733**		176,283
Exercise of warrants (Note 11(d))		**2,489,333**		1,432,500
		5,880,045		23,254,221
Change in cash and cash equivalents during the year		**(12,114,361)**		18,888,352
Cash and cash equivalents, beginning of year		**19,082,521**		194,169
Cash and cash equivalents, end of year	**$**	**6,968,160**	$	19,082,521
Cash and cash equivalents are comprised of the following:				
Cash	**$**	**2,968,160**	$	82,521
Term deposits	**$**	**4,000,000**	$	19,000,000
	$	**6,968,160**	$	19,082,521

Supplemental cash flow information

	March 31, 2012	March 31, 2011
Refundable exploration tax credit claimed	**4,241,942**	400,647
Accretion on advance royalty payables	**135,004**	43,357

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 and records office is located at 1900-600 Granville Street, Vancouver, British Columbia. Its common shares are traded on the TSX Venture Exchange under the symbol "FEO" as well as the OTCQX in the United States under the symbol "FEOVF".

The Company acquired a 100% interest in certain mining claims (the "Property") located near Ungava Bay, Québec, Canada as discussed in note 9.

While these financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, there are certain conditions and events that may cast significant doubt on the validity of this assumption. For the year ended March 31, 2012, the Company reported a loss of $4,948,597 and as at that date had an accumulated deficit of $18,028,958. The Company will need to raise sufficient funds in order to finance ongoing exploration and administrative expenses. The success of raising such funds cannot be assured. Factors that could affect the availability of financing include the Company's performance, the state of international debt and equity markets, investor perceptions and expectations, and the global financial and metals markets.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate, and these adjustments could be material.

2. BASIS OF PRESENTATION AND ADOPTION OF IFRS

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

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

2. BASIS OF PRESENTATION AND ADOPTION OF IFRS (continued)

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATION UNCERTAINTY

The significant accounting policies used to prepare these financial statements are outlined as follows:

a) Mineral properties

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

b) Mineral property exploration expenditures

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

c) Impairment of mineral properties

Mineral properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATION UNCERTAINTY (continued)

d) Investment tax credits

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

e) Asset retirement obligations

Asset retirement obligations will be recognized for estimated obligations related to the retirement of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets. A liability for an asset retirement obligation is recognized in the period in which it is incurred and when a reasonable estimate of the value of the liability can be made with the corresponding asset retirement cost recognized by increasing the carrying amount of the related long-lived asset. The asset retirement cost is subsequently allocated in a rational and systematic method over the underlying asset's useful life. The initial fair value of the liability is accreted, by charges to operations, to its estimated future value. The Company had no asset retirement obligations at March 31, 2012.

f) Cash and cash equivalents

The Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with an initial term to maturity of 90 days or less.

g) Translation of foreign currencies

i) Functional and presentation currency: Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements are presented in Canadian dollars which is the Company's functional currency.

ii) Transactions and balances: Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recorded in profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATION UNCERTAINTY (continued)

h) Loss per share

Basic earnings (loss) per share is calculated by dividing income (or loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

i) Equipment

Property, plant and equipment are carried at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Amortization is calculated at the following annual rates:

Vehicles	straight-line - 20%
Office furniture and equipment	straight-line - 20%

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each part. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate. Amortization of equipment used in the Company's exploration and development activities is capitalized to mineral properties.

j) Share issue costs

Share issue costs incurred on the issue of the Company's shares are charged directly to share capital.

k) Share-based payments

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATION UNCERTAINTY (continued)

k) Share-based payments (continued)

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

l) Current and deferred taxes

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

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

m) Use of estimates and judgments

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 of estimates include mineral property impairment assessment and measurement and recovery of deferred tax benefits (Note 12). Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the notes to the financial statements where applicable.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATION UNCERTAINTY (continued)

n) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

- Held for trading: A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. The Company has designated its marketable securities as held for trading and are measured at fair value at the end of each period with any resulting gains or losses recognized in profit or loss.

- Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables are comprised of cash and cash equivalents, restricted cash, accrued interest receivable, deposits and amounts due from related parties, and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

- Financial liabilities at amortized cost: Financial liabilities at amortized cost include accounts payable and accrued liabilities, demand loan, advance royalty payable and amounts due to related parties. Accounts payable are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Financial liabilities are classified as current liabilities as payment is due within twelve months. Transaction costs associated with financial liabilities are expensed as incurred.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATION UNCERTAINTY (continued)

o) Flow through shares

On issuance of flow-through shares, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability using the residual value method and; ii) share capital. Upon qualifying expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income relating to renounced exploration expenditures and the related deferred tax is recognized as a tax provision.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company: IFRS 7, *Financial Instruments: Disclosures* (IFRS 7), IFRS 9, *Financial Instruments* (IFRS 9), IFRS 10, *Consolidated Financial Statements* (IFRS 10), IFRS 11, *Joint Arrangements* (IFRS 11), IFRS 12, *Disclosure of Interests in Other Entities* (IFRS 12), IFRS 13, *Fair Value Measurement* (IFRS 13) and amended IAS 12, *Income Taxes* (IAS 12). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 (unless otherwise noted) with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements, unless specifically disclosed below. The following is a brief summary of the new standards:

IFRS 7 - Financial Instruments: Disclosures

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

IFRS 9 - Financial Instruments

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

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED (continued)

IFRS 10 - Consolidation

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

IFRS 11 - Joint Arrangements

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

IFRS 12 - Disclosure of Interests in Other Entities

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

IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

IAS 12 – Income Taxes

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

5. TRANSITION TO IFRS

As stated in note 2, these are the Company's first annual financial statements prepared in accordance with IFRS. The accounting policies, in accordance with IFRS, set out in note 3 have been applied in preparing the financial statements for the year ended March 31, 2012, the comparative information presented in these financial statements for the year ended March 31, 2011 and in the preparation of an opening IFRS balance sheet at April 1, 2010. In preparing its opening IFRS balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS with respect to the financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Initial elections upon adoption

Set out below are the applicable IFRS 1 exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS:

a) IFRS exemption options:

i) Exemption for share-based payment transactions

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

5. TRANSITION TO IFRS (continued)

b) Reconciliations of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The changes made to the statements of loss and comprehensive loss and statements of financial position have resulted in reclassification of various amounts on the statements of cash flows. However as there have been no changes to the net cash flows, no reconciliations have been prepared in respect of the statements of cash flows.

i) A reconciliation between the Canadian GAAP and IFRS statements of financial position at March 31, 2011 is provided below. Note that a reconciliation at April 1, 2010 is not shown as the presentation under Canadian GAAP matches that under IFRS.

							March 31, 2011
	Note		**Canadian GAAP**		**Effect of transition to IFRS**		**IFRS**
Assets							
Current assets							
Cash and cash equivalents		$	19,082,521	$	-	$	19,082,521
Marketable securities			171,250		-		171,250
Receivables			253,600		-		253,600
Prepaid expenses and deposits			700,094		-		700,094
			20,207,465		-		20,207,465
Equipment			-		-		-
Investments			-		-		-
Mineral properties	(i), (iii)		22,252,529		(3,115,532)		19,136,997
Total assets		$	42,459,994	$	(3,115,532)	$	39,344,462
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities		$	889,380	$	-	$	889,380
Due to related parties			24,247		-		24,247
Current portion of advance royalty liability	(iii)		-		175,227		175,227
Other liabilities	(ii)		-		479,658		479,658
Advance royalty liability	(iii)		-		502,442		502,442
Deferred taxes	(i),(ii)		5,785,807		(5,785,807)		-
Total liabilities			6,699,434		(4,628,480)		2,070,954
Equity attributable to shareholders							
Share capital	(i),(ii)		42,860,458		1,658,088		44,518,546
Contributed surplus			5,835,323		-		5,835,323
Deficit	(i)		(12,935,221)		(145,140)		(13,080,361)
			35,760,560		1,512,948		37,273,508
Total liabilities and equity		$	42,459,994	$	(3,115,532)	$	39,344,462

5. TRANSITION TO IFRS (continued)

ii) A reconciliation between the Canadian GAAP and IFRS total comprehensive loss for the year ended March 31, 2011 is provided below.

		Year ended March 31, 2011		
	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
Expenses				
Amortization		$ 1,200	$ -	$ 1,200
Consulting and management		284,194	-	284,194
Investor relations		36,785	-	36,785
License and insurance		6,964	-	6,964
Office and general		27,203	-	27,203
Professional fees		140,893	-	140,893
Rent		95,301	-	95,301
Stock-based compensation		4,668,087	-	4,668,087
Transfer agent and regulatory		57,081	-	57,081
Travel		44,925	-	44,925
Wages and benefits		126,245	-	126,245
Loss from operations		(5,488,878)	-	(5,488,878)
Other income (expenses)				
Interest income		59,159	-	59,159
Loss on write-off of investment		(50,056)	-	(50,056)
Gain on disposal of marketable securities		5,726	-	5,726
Loss on write-off of equipment		(8,069)	-	(8,069)
Unrealized gain on marketable securities		121,250	-	121,250
Net loss before income taxes		(5,360,868)	-	(5,360,868)
Income tax recovery	(i)	145,140	(145,140)	-
Net loss and comprehensive loss for the year		**$ (5,215,728)**	**$ (145,140)**	**$ (5,360,868)**
Loss per common share - basic and diluted		**(0.07)**	**(0.00)**	**(0.07)**

5. TRANSITION TO IFRS (continued)

iii) A reconciliation of the statement of changes in equity between Canadian GAAP and IFRS for the year ended March 31, 2011 is provided below. Note that a reconciliation at the transition date is not shown as the presentation under Canadian GAAP matches that under IFRS.

March 31, 2011	Note	Share capital	Contributed Surplus	Deficit	Total equity
Balance as reported under Canadian GAAP		**$ 42,860,458**	**$ 5,835,323**	**$ (12,935,221)**	**$ 35,760,560**
Reversal of deferred income tax asset on share issuance costs	(i)	(360,000)	-	-	(360,000)
Deferral of sale of tax deductions to flow-through shareholders	(ii)	(479,658)	-	-	(479,658)
Reversal of deferred income tax asset on flow-through share renunciation	(ii)	2,497,746	-	-	2,497,746
Reversal of deferred income tax expense	(i)	-	-	(145,140)	(145,140)
Balance as reported under IFRS		**$ 44,518,546**	**$ 5,835,323**	**$ (13,080,361)**	**$ 37,273,508**

Notes to the IFRS reconciliation above:

(i) - Deferred taxes

Under IFRS, deferred income taxes are not recognized on an asset acquisition providing certain conditions are met, whereas they are under Canadian GAAP. Prior to transition, the Company acquired exploration and evaluation assets and under Canadian GAAP a deferred income tax liability was recognized, although a portion of this was offset by applying the Company's available income tax losses. No such liability has been recognized under IFRS. This change in accounting decreased deferred income tax liability and mineral properties at April 1, 2010 by $nil and $3,793,201 at March 31, 2011.

As a result of derecognizing the impacts of all future income tax liabilities which had previously been recognized under Canadian GAAP through transactions deemed not to be business combinations and affecting neither accounting profit or loss nor taxable profit or loss (including the adjustment noted in (ii) below), the Company had a net deferred tax asset position of $505,140 at March 31, 2011. Given the realization of this asset is not likely at March 31, 2012, the deferred income tax asset was reduced to nil with a corresponding reduction of $360,000 to share capital and $145,140 to income tax recovery on the statement of loss and comprehensive loss.

5. TRANSITION TO IFRS (continued)

(ii) - Flow-through shares

Under Canadian GAAP, the entire net proceeds from the issuance of flow-through shares were recognized in equity. Upon renunciation of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and shareholders' equity reduced.

Under IFRS, proceeds from the issuance of flow-through shares are segregated as follows: the estimated premium investors pay for the flow-through feature, if any, is recorded as an other liability; and, the remaining net proceeds are recorded as share capital. This premium is included in other income relating to renounced exploration expenditures at the time the qualifying expenditures are made.

Furthermore, a deferred income tax liability is recognized with respect to the tax benefits on renounced qualifying exploration expenditures. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

Therefore, under IFRS, the change in accounting decreased share capital and increased other liabilities at April 1, 2010 by $nil and $479,658 at March 31, 2011. Furthermore, at March 31, 2011, the change in accounting decreased deferred income tax liability and increased share capital by $2,497,746 to eliminate the deferred tax effect of flow through share renunciation under Canadian GAAP.

(iii) – Advance royalty payable

Under the terms of the acquisition of the Property (as disclosed further in Note 9), the Company must pay advance 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. Under IFRS, a contractual obligation to pay advance royalty payments must be recognized as a financial liability as at the transaction date as the issuer does not have the unconditional right to avoid delivering cash or another financial asset. Under Canadian GAAP, recording obligations related to royalty payments was exempt under financial instruments standards. As a result of this change in accounting, the Company increased mineral properties by $677,669 at March 31, 2011 (April 1, 2010: $Nil) with a corresponding increase to advance royalty payable.

6. RECEIVABLES

	March 31 2012	March 31 2011
Input tax credits	$ 360,741	$ 203,627
Refundable exploration tax credits	4,523,053	-
Accrued interest receivable	11,007	49,973
	$ 4,894,801	$ 253,600

Refer to note 10 for additional disclosure on Refundable exploration tax credits.

7. PREPAID EXPENSES AND DEPOSITS

		March 31 2012		March 31 2011
Deposits to Vendors	$	747,772	$	444,481
Prepaid Expenses		83,727		255,613
	$	**831,499**	$	700,094

8. EQUIPMENT

		Equipment
At April 1, 2010		
Cost	$	60,186
Accumulated depreciation		(50,917)
Net book Value	**$**	**9,269**
Year ended March 31, 2011		
At April 1, 2010	$	9,269
Additions		-
Depreciation for the year		(1,200)
Write-off of equipment		(8,069)
Closing net book value	**$**	**-**
At March 31, 2011		
Cost	$	-
Accumulated depreciation		-
Net book Value	**$**	**-**
Year ended March 31, 2012		
At April 1, 2011	$	-
Additions		268,333
Depreciation for the year		(17,641)
Closing net book value	**$**	**250,692**
At March 31, 2012		
Cost	$	268,333
Accumulated depreciation		(17,641)
Net book Value	**$**	**250,692**

9. MINERAL PROPERTIES - UNGAVA BAY

a) Purchase of mineral properties in Ungava Bay, Québec

On November 30, 2010, the Company closed the acquisition of a 100% interest in approximately 3,000 mining claims (the "Property") located near Ungava Bay, Québec from John Patrick Sheridan of Toronto, Ontario and Peter Ferderber of Val D'or, Québec (collectively the "Vendors"). The Vendors retained a 2% net smelter returns royalty (the "NSR").

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

Commencing on November 30, 2011, Oceanic must pay advance NSR payments of $200,000 per year, which will be credited against all future NSR payments payable from production. On November 25, 2011, the Company made its first required advance NSR payment of $200,000 to the Vendors.

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

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

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

Finder's fees of $50,000 and 1,010,000 common shares (fair value $384,252) were paid in relation to the acquisition. Other transaction costs relating to the acquisition totalled $171,085.

The Company has accounted for the transaction as a purchase of assets and the shares issued were fair valued at approximately $0.38 per share. The allocation of the net assets acquired is summarized in the table below:

Purchase Price:		
Finders fees relating to the acquisition	$	605,337
Cash payment to Kataria Group (US $2 million)		2,011,600
Common shares to Vendors (30,000,000 shares)		11,413,411
Common shares to Kataria Group (8,000,000 shares)		3,043,576
Advance royalty obligation		634,312
	$	17,708,236
Net Assets Acquired:		
Mineral Properties	$	17,708,236

9. MINERAL PROPERTIES - UNGAVA BAY (continued)

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. 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 balance 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.

b) Acquisition costs

		March 31, 2012		March 31, 2011
Balance - Beginning of year	**$**	**17,751,593**	$	-
Additions				
Ungava Bay properties		**-**		17,708,236
Accretion of advance royalty payable		135,004		43,357
Balance - End of year	**$**	**17,886,597**	$	17,751,593

c) Exploration costs

		March 31, 2012		March 31, 2011
Cumulative exploration costs - Beginning of year		**1,385,404**		-
Expenditures during the period				
Permitting & claims	**$**	**346,851**	$	121,104
Drilling		**3,247,957**		180,194
Fieldwork & geology		**2,578,400**		306,774
Consultants		**1,138,461**		16,946
Salaries*		**505,217**		84,343
Fuel		**546,535**		14,341
Mapping & imagery		**200,445**		-
Assays & metallurgy		**1,159,159**		-
Equipment & supplies		**830,522**		743
Accomodation		**905,273**		140,556
Transportation		**4,334,603**		458,849
Other		**95,714**		61,554
Exploration Expenditures for the year		**15,889,137**		1,385,404
Less: Exploration tax credit refund		**(4,642,589)**		-
Cumulative exploration costs - End of year	**$**	**12,631,952**	$	1,385,404

* Includes share-based payments of $204,361 (2011: $30,371)

Grand total - mineral properties	**$**	**30,518,549**	$	19,136,997

10. DEMAND LOAN

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

In order to monetize the expected refundable tax credits due for the year ended March 31, 2012, the Company entered into a demand loan agreement with National Bank of Canada ("National Bank") on December 5, 2011 to borrow up to $4,500,000, representing a proportion of the estimated Québec Exploration refundable tax credits receivable from Revenu Québec based on the Company's eligible expenditures to March 31, 2012.

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

	March 31, 2012	March 31, 2011
Demand loan - Beginning of year	$ -	$ -
Proceeds, net of loan fees	**1,688,824**	-
Less: Repayment of loan	**-**	-
Demand loan - End of year	**$ 1,688,824**	**$ -**

As a result of entering into the demand loan with National Bank, the Company must maintain an adjusted long-term debt to net worth ratio of 2.5:1. As at March 31, 2012, the Company was in compliance with this covenant.

11. SHARE CAPITAL

(a) Share Capital

Unlimited common and preferred shares without par value

(b) Issued and fully paid common shares

	Number of shares	Amount
Balance, March 31, 2010	7,247,703	$ 7,616,876
Private placement - June 9, 2010	40,000,000	2,630,849
Private placement - November 30, 2010	13,125,000	5,005,327
Private placement - November 30, 2010	28,400,000	14,339,263
Share issue costs, cash	-	(1,282,710)
Issued as finders fees (Note 9)	1,010,000	384,252
Issued for mineral property (Note 9)	30,000,000	11,413,411
Issued to Kataria (Note 9)	8,000,000	3,043,576
Exercise of stock options (Note 11(c))	683,514	284,011
Exercise of share purchase warrants (Note 11(d))	14,325,000	1,563,349
Deferral of sale of tax deductions to flow-through shareholders	-	(479,658)
Balance, March 31, 2011	**142,791,217**	**$44,518,546**
Private placement - December 22, 2011	5,750,000	2,012,500
Share issue costs, cash	-	(34,021)
Exercise of stock options (Note 11(c))	527,014	262,281
Exercise of share purchase warrants (Note 11(d))	24,893,333	2,716,716
Deferral of sale of tax deductions to flow-through shareholders		(460,000)
Tax recovery on share issuance costs	-	366,136
Balance, March 31, 2012	**173,961,564**	**$49,382,158**

On June 9, 2010, the Company completed a private placement and issued 40,000,000 common share units at a price of $0.075 per unit for gross proceeds of $3,000,000. Each unit consisted of one common share and one share purchase warrant exercisable into one common share at a price of $0.10 per share, expiring on June 9, 2012.

On November 30, 2010, concurrently with closing of the acquisition of the Property (Note 9), Oceanic completed two non-brokered private placements of units for gross proceeds of $19,972,500. In the first private placement, 13,125,000 units were sold at a price of $0.40 per unit. Of the units, 8,844,500 units consisted of one flow-through common share and one-half of one share purchase warrant and 4,280,500 units consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.65 per share on or before November 30, 2015.

11. SHARE CAPITAL (continued)

(b) Issued and fully paid common shares *(continued)*

In the second private placement, 28,400,000 units were sold. Of the Units, 17,950,000 units were sold at a price of $0.50 per unit. Each unit consisted of one common share and one share purchase warrant, each warrant entitling the holder to purchase one common share at a price of $1.00 per share on or before November 30, 2015. The balance of 10,450,000 units were sold at a price of $0.55 per unit, each unit consisting of one flow-through common share and one warrant, each warrant entitling the holder to purchase one common share at a price of $1.00 per share on or before November 30, 2015.

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

The Company incurred cash share issue costs in the amount of $1,361,083 in connection with the private placements noted above.

Shares in escrow

Other than the shares in escrow disclosed in Note 9, 900,000 common shares held by an officer of Oceanic are held in escrow at the date of this report. The shares held in escrow will be released as follows: 300,000 shares on each of the dates that are 24 months, 30 months and 36 months following December 3, 2010, respectively.

Flow-through shares

During the year ended March 31, 2011, the Company issued 19,294,500 flow-through common shares for total proceeds of $9,285,300, which must be used for qualifying exploration expenditures (renounced to the flow-through shareholders effective December 31, 2010). As at December 31, 2011, all flow through funds have been spent and $479,658 has been recognized as other income relating to renounced exploration expenditures in the statement of loss and comprehensive loss for the year ended March 31, 2012 in respect of these issuances.

During the year ended March 31, 2012, the Company issued 5,750,000 flow-through common shares for total proceeds of $2,012,500, which must be used for qualifying exploration expenditures (renounced to the flow-through shareholders effective December 31, 2011). As at March 31, 2012, $1,142,620 has been spent with respect to this financing. A liability of $460,000 was recorded upon issuance, representing the premium paid for the flow-through feature. As at March 31, 2012, a total of $261,170 has been recognized into income relating to renounced exploration expenditures.

A deferred tax liability arose due to the renounced qualifying exploration expenditures incurred in the year ended March 31, 2012 (March 31, 2011: $Nil).

11. SHARE CAPITAL (continued)

(c) 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.

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

	Options		Weighted average exercise price
Options outstanding - March 31, 2010	1,134,028	$	0.24
Granted	12,240,000		0.56
Exercised	(683,514)		0.26
Cancelled	(850,000)		0.40
Options outstanding - March 31, 2011	**11,840,514**	**$**	**0.56**
Granted	6,194,000	$	0.32
Exercised	(527,014)		0.25
Expired	(850,000)		0.40
Cancelled	(519,000)		0.51
Options outstanding - March 31, 2012	**16,138,500**	**$**	**0.48**

The Company uses the Black-Scholes valuation model for stock-based compensation. During the year, the Company granted 6,194,000 (2011: 12,240,000) stock options to officers, directors, employees and consultants at exercise prices between $0.27 and $0.62 with expiry dates between April 5, 2021 and December 16, 2021 (2011: Exercise prices between $0.40 and $0.85 with expiry dates between November 30, 2020 and March 1, 2021). The weighted average fair value of the options granted for the year ended March 31, 2012 was $0.24 per option (2011: $0.40). The exercise price for all stock option grants in the year was equal to the market price at the time of grant.

During the year, a total of $1,553,367 (March 31, 2011: $4,698,457) of share-based payments was recognized, with $1,349,006 (March 31, 2011: $4,668,087) being recognized in the statement of loss and comprehensive loss and $204,361 (March 31, 2011: $30,370) being capitalized to mineral properties.

11. SHARE CAPITAL (continued)

(c) Stock options *(continued)*

The following assumptions were used in the valuation of the stock options granted in the year:

Risk-free interest rate	1.72% - 3.35%
Expected life	10 years
Annualized volatility	75%
Dividend rate	0.00%
Forfeiture rate	0.00%

The weighted average share price on the exercise dates for options exercised in the year was $0.45 (2011: $0.70).

The risk-free rate for periods within the contractual term of the option is based on the Bank of Canada administered interest rates in effect at the time of the grant. The expected term of the options granted represents the period of time that the options granted are expected to be outstanding. Expected volatilities are based on historical volatilities of stock prices of comparable companies given the limited life of the Company as an exploration company.

The following table summarizes information about the stock options outstanding at March 31, 2012:

		Options Outstanding	**Options Exerciseable**
Weighted average exercise price ($)	Number	Expiry date	Number
0.27	300,000	January 11, 2021	200,000
0.27	100,000	April 5, 2021	33,333
0.27	119,000	May 18, 2021	39,667
0.27	3,375,000	December 16, 2021	2,975,000
0.28	700,000	September 26, 2021	700,000
0.40	5,963,500	November 30, 2020	5,963,500
0.44	1,381,000	May 18, 2021	1,381,000
0.83	3,500,000	January 5, 2021	3,500,000
0.85	700,000	March 1, 2021	700,000
0.48	**16,138,500**		**15,492,500**

11. SHARE CAPITAL (continued)

(d) Share purchase warrants

At March 31, 2012, the Company had outstanding share purchase warrants exercisable to acquire 38,619,167 shares as follows:

	Number	Weighted average exercise price	Expiry date
Balance - April 1, 2010	-	$ -	
Issued pursuant to private placement	40,000,000	0.10	June 9, 2012
Issued pursuant to private placement	6,562,500	0.65	November 30, 2015
Issued pursuant to private placement	28,400,000	1.00	November 30, 2015
Exercised	(14,325,000)	(0.10)	June 9, 2012
Balance - March 31, 2011	60,637,500	0.58	-
Issued pursuant to private placement	2,875,000	1.00	December 22, 2016
Exercised	(24,893,333)	(0.10)	June 9, 2012
Balance - March 31, 2012	38,619,167	$ 0.92	

The following table summarizes information about the share purchase warrants outstanding at March 31, 2012:

Outstanding and exercisable	Weighted average exercise price	Expiry date	Weighted average remaining contractual life (years)
781,667	$ 0.10	June 9, 2012	0.2
6,562,500	0.65	November 30, 2015	3.7
28,400,000	1.00	November 30, 2015	3.7
2,875,000	1.00	December 22, 2016	4.7
38,619,167	$ 0.92		3.7

See note 17, subsequent events, in respect of warrants exercised subsequent to March 31, 2012.

12. INCOME TAXES

Income tax expense differs from the amount that would result from applying the Canadian and federal and provincial income tax rates to earnings before income taxes. These differences result from the following items:

		March 31, 2012	March 31, 2011
Loss before income taxes	$	(3,284,451)	$ (5,360,868)
Canadian federal and provincial income tax rates		28.03%	29.50%
Expected Income tax recovery		(910,140)	(1,581,455)
Increase (decrease) due to:			
Non-deductible expenses and other		175,851	1,356,615
Change in long term tax rate		30,186	17,992
Tax deductions renounced to investors		2,601,805	203,305
Benefit of prior year unrecognized deferred tax assets		(233,556)	-
Losses and other temporary benefits not recognized		-	3,543
Income tax expense	$	1,664,146	$ -

Recognized deferred tax assets and liabilities of the Company, which are all based in Canada, were comprised of the following:

	March 31, 2012	March 31, 2011
Deferred income tax assets		
Non-capital losses	345,178	-
Share and debt issue costs	274,264	-
Equipment	12,744	-
Total deferred income tax assets	632,187	-
Deferred income tax liabilities		
Mineral property costs	1,930,198	-
Deferred income tax liabilities	1,930,198	-
Deferred income tax liability, net	1,298,011	-

The deferred tax balance at March 31, 2012 falls due in more than 12 months.

12. INCOME TAXES (continued)

The continuity of the changes in the Company's net deferred tax liability is as follows:

	March 31, 2012	March 31, 2011
Net deferred tax liability, beginning of year	**$ -**	$ -
Deferred tax expense during the year	**1,664,146**	-
Deferred taxes charged to equity	**(366,135)**	-
Net deferred tax liability, end of year	**$ 1,298,011**	$ -

The composition of the unrecognized deferred tax asset is provided in the table below:

	March 31, 2012	March 31, 2011
Non-capital losses	**$ 209,141**	$ 505,979
Capital losses	**49,846**	66,250
Donations	**7,788**	-
Mineral property costs	**-**	16,959
Share and debt issue costs	**-**	285,586
Equipment	**-**	7,999
Portfolio investments	**-**	(16,308)
	$ 266,774	$ 866,465

The Company has loss carry-forwards of $2,060,665 that may be available for tax purposes. The loss carry-forwards are all in respect of Canadian operations and expire as follows:

Expiry date	**March 31, 2012**	March 31, 2011
March 31, 2014	**$ 382,209**	$ 382,209
March 31, 2015	**395,266**	395,266
March 31, 2026	**162,769**	162,769
March 31, 2027	**15,624**	15,624
March 31, 2028	**237,037**	237,037
March 31, 2029	**213,861**	213,861
March 31, 2030	**270,804**	270,804
March 31, 2031	**203,393**	203,393
March 31, 2032	**179,702**	-
	$ 2,060,665	$ 1,880,963

At March 31, 2012, the Company has not recognized a tax benefit on the losses expiring in 2014 and 2015 given it is unlikely that these benefits will be realized before expiry.

13. COMMITMENTS

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

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

Subsequent to year end, the Company provided notice of termination to Optrust Office Inc. with respect to the above lease and entered into an agreement with Monit International Inc. in respect of the leasing of new office space in Montreal, Québec. The agreement expires on January 31, 2023, but the Company may terminate the agreement effective December 31, 2016 with six months' notice.

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

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

As noted in note 9, commencing on November 30, 2011, Oceanic must pay advance NSR payments of $200,000 per year, which will be credited against all future NSR payments payable from production. The Company made its first payment to the Vendors on November 25, 2011.

14. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

a) Key Management Compensation

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

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

b) Payments for services by related parties

As disclosed in note 13, the Company is charged shared lease and overhead, and service costs by an affiliated company, with a director and officer in common. For the year ended March 31, 2012, the Company incurred $136,915 in shared lease and overhead, and service costs (2011: $21,650). Refer to note 13 for a listing of future commitments in respect of such lease costs.

c) Services provided to related parties

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

Amounts due to related parties at March 31, 2012 amounted to $412,640 (March 31, 2011 - $24,247). All related party transactions were made on terms equivalent to those that prevail in arm's length transactions. None of the amounts due to related parties are secured against assets of the Company.

15. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents, marketable securities, receivables, deposits, restricted cash, accounts payable, accrued liabilities, demand loan, advance royalty payable and due to related parties.

Marketable securities are designated as held-for-trading and carried at fair value, with the unrealized gain or loss recorded in the statement of loss and comprehensive loss and deficit. Cash and cash equivalents, restricted cash, accrued interest receivable, deposits and amounts due from related parties are designated as loans and receivables and are measured at amortized cost.

15. FINANCIAL RISK MANAGEMENT (continued)

Accounts payable, accrued liabilities, demand loans, advance royalty payable and amounts due to related parties are classified as other financial liabilities, which are measured at amortized cost.

Financial Instrument Risk Exposure

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

Credit Risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk is on its cash and cash equivalents and receivables. The Company has concentration of risk with respect to cash being held with 2 large Canadian financial institutions. The Company's credit risk is mitigated by maintaining its financial liquid assets with highly reputable counterparties. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets noted above.

Liquidity Risk

The Company's cash and cash equivalents are invested in business accounts and term deposits which are available on demand. The Company manages liquidity risk by preparing and maintaining cash forecasts, which illustrate cash spent to date and our cash needs over the short term. Contractual undiscounted cash flow requirements for financial liabilities as at March 31, 2012 and 2011 are presented below.

March 31, 2012

	Less than 1 year	1 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	$ 1,053,264	$ -	$ -	$ 1,053,264
Due to related parties	412,640	-	-	412,640
Demand loan	1,688,824	-	-	1,688,824
Advance royalty payable	175,227	358,190	79,256	612,673

March 31, 2011

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

The Company's ability to continue operations in the normal course of business is dependent on several factors, including the ability to secure additional financing. In addition, the recoverability of the amounts shown for mineral properties are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production, all of which are uncertain. Further information relating to liquidity risk is disclosed in Note 1.

15. FINANCIAL RISK MANAGEMENT (continued)

Market Risk

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

The Company's financial instruments are not subject to significant fluctuation due to changes in commodity prices or foreign exchange rates.

The Company also invests surplus cash in fixed rate term deposits. It is the Company's policy to reduce interest rate risk over future cash flows through the use of fixed rate instruments. A 1% change in interest rates would have a $40,345 impact on net loss and comprehensive loss.

Fair Value

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

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

At March 31, 2012, marketable securities were categorized as level 1.

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

15. FINANCIAL RISK MANAGEMENT (continued)

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

16. MANAGEMENT OF CAPITAL

The Company considers its capital to be its share capital. The Company's objectives when managing capital are to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. In the management of capital, the Company includes the components of equity attributable to shareholders.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue debt and acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions and also taking into consideration externally imposed capital requirements. The annual and updated budgets are approved by the Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay dividends.

The Company's investment policy is to limit investments to guaranteed investment certificates, banker's acceptance notes, investment savings accounts or money market funds with high quality financial institutions in Canada and treasury bills, selected with regards to the expected timing of expenditures from continuing operations. The Company has one externally imposed capital requirement, which consists of the Company maintaining an adjusted long-term debt to net worth ratio of 2.5:1 pursuant to the demand loan agreement entered into with National Bank and Investissement Québec. As at March 31, 2012, the Company was in compliance with this covenant. Further information relating to management of capital is disclosed in Note 1.

17. SUBSEQUENT EVENTS

Subsequent to year end,

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

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

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