

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended
December 31, 2025 and 2024

Expressed in Canadian Dollars, unless otherwise noted



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Oceanic Iron Ore Corp.

Opinion

We have audited the consolidated financial statements of Oceanic Iron Ore Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

We have determined in the following matter described below to be a key audit matter to be communicated in our independent auditor's report:

Fair value of convertible debentures

Description of the matter

As at December 31, 2025, the Company recorded a carrying value of convertible debentures of \$39,452,031, which is comprised of the carrying value of the convertible debenture, deferred loss on the inception of the convertible debenture, and the fair value of the conversion feature.

Why the matter is a key audit matter

The determination of the carrying value of the Company's convertible debenture is based on inputs and assumptions from management that could impact the carrying value of the convertible debenture, including the discount rate, and the classification of the beneficial conversion feature as a debt instrument in accordance with IFRS 9.

How the matter was addressed in the audit

The audit procedures that were performed on the key audit matter included, but was not limited, to the following:

- assessment of the use of the appropriate discount rate used by management to ensure it is an acceptable range for the Company;
- recalculation of the fair value of the beneficial conversion feature that was prepared by management; and
- independent confirmation of convertible debenture balances with debenture holders, including vouching of new convertible debentures to signed agreements and receipt of proceeds.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Henry Chow.

A handwritten signature in black ink that reads "SATURNA GROUP LLP". The letters are cursive and somewhat stylized, with the 'S' being particularly large and flowing into the rest of the name.

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

April 23, 2026

Oceanic Iron Ore Corp.

Consolidated Statements of Financial Position

As at December 31, 2025 and 2024

(Expressed in Canadian Dollars)

	<i>Notes</i>	As at December 31, 2025	As at December 31, 2024
Assets			
Current			
Cash		\$ 918,209	\$ 1,420,984
Receivables		34,731	21,027
Prepaid expenses and deposits		4,051	2,057
		956,991	1,444,068
Mineral properties	5	45,364,707	44,899,434
Total assets		\$ 46,321,698	\$ 46,343,502
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 312,381	\$ 257,674
Due to related parties	10	457,691	249,069
Current portion of advance royalty payable	5	166,750	216,750
Convertible debentures	6	39,452,031	9,125,047
		40,388,853	9,848,540
Non-current portion of advance royalty payable	5	416,282	416,283
Total liabilities		40,805,135	10,264,823
Shareholders' equity			
Share capital	7	93,800,998	63,162,558
Reserves	7	37,770,279	11,465,192
Deficit		(126,054,714)	(38,549,071)
Total shareholders' equity		5,516,563	36,078,679
Total liabilities and shareholders equity		\$ 46,321,698	\$ 46,343,502
<i>Commitments</i>	9		
<i>Subsequent events</i>	13		
Approved by the Board:			
" Steven Dean "			Director
" Gordon Keep "			Director

The accompanying notes are an integral part of these consolidated financial statements

Oceanic Iron Ore Corp.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

	<i>Notes</i>	Year ended December 31, 2025	Year ended December 31, 2024
Expenses			
Consulting and management fees	10	\$ 332,155	\$ 320,163
Directors' fees	10	20,500	30,000
Insurance		18,461	18,220
Office and general		21,140	14,241
Investor relations and corporate development		33,023	8,289
Professional fees		155,813	102,661
Rent		10,670	10,670
Share-based compensation	7b, 7c	659,144	167,579
Transfer agent and regulatory		37,981	32,973
Loss from operations		(1,288,887)	(704,796)
Other expenses			
Loss on change in fair value of derivative liabilities	6	(85,378,344)	(3,274,558)
Convertible debenture accretion expense	6	(838,412)	(698,230)
Total other expenses		(86,216,756)	(3,972,788)
Net loss and comprehensive loss		\$ (87,505,643)	\$ (4,677,584)
Net loss per common share			
Basic and Diluted		\$ (0.69)	\$ (0.04)
Weighted average number of common shares outstanding			
Basic and Diluted		126,951,960	110,147,248

The accompanying notes are an integral part of these consolidated financial statements

Oceanic Iron Ore Corp.

Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

	Notes	Shares	Share capital	Reserves	Deficit	Total equity
Balance - January 1, 2025		114,334,691	\$ 63,162,558	\$ 11,465,192	\$ (38,549,071)	\$ 36,078,679
Exercise of warrants	7d	2,475,000	1,438,255	(1,178,845)	-	259,410
Exercise of stock options	7c	1,145,000	240,298	(105,098)	-	135,200
Share-based payments - stock options and RSUs	7b, 7c	-	-	659,144	-	659,144
Shares issued on settled restricted share units	7b	16,666	1,584	(1,584)	-	-
Shares issued on settled debenture interest	6	1,631,025	492,128	-	-	492,128
Conversion of convertible debenture at fair value	6	33,984,099	28,466,175	26,931,470	-	55,397,645
Net loss for the year		-	-	-	(87,505,643)	(87,505,643)
Balance - December 31, 2025		153,586,481	\$ 93,800,998	\$ 37,770,279	\$ (126,054,714)	\$ 5,516,563

		Shares	Share capital	Reserves	Deficit	Total equity
Balance - January 1, 2024		106,517,653	\$ 62,367,906	\$ 11,334,926	\$ (33,871,487)	\$ 39,831,345
Exercise of warrants	7d	595,000	41,650	-	-	41,650
Exercise of stock options	7c	510,000	85,163	(37,313)	-	47,850
Share-based payments - stock options and RSUs	7b, 7c	-	-	167,579	-	167,579
Shares issued on settled debenture interest	6	5,566,038	515,349	-	-	515,349
Conversion of convertible debenture at fair value	6	1,146,000	152,490	-	-	152,490
Net loss for the year		-	-	-	(4,677,584)	(4,677,584)
Balance - December 31, 2024		114,334,691	\$ 63,162,558	\$ 11,465,192	\$ (38,549,071)	\$ 36,078,679

The accompanying notes are an integral part of these consolidated financial statements

Oceanic Iron Ore Corp.

Consolidated Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

	Notes	Year ended December 31, 2025	Year ended December 31, 2024
Operating activities			
Net loss		\$ (87,505,643)	\$ (4,677,584)
Adjustments for:			
Share-based compensation	7b, 7c	659,144	167,579
Loss on change in fair value of derivative liabilities	6	85,378,344	3,274,558
Convertible debenture accretion expense	6	838,412	698,230
Net changes in non-cash working capital balances:			
Receivables		(8,001)	(9,487)
Prepaid expenses and deposits		(1,994)	4,891
Accounts payable and accrued liabilities		13,767	(29,036)
Due to related parties		208,622	(226,621)
Cash used in operating activities		(417,349)	(797,470)
Investing activities			
Mineral property expenditures	5	(200,036)	(250,808)
Cash used in investing activities		(200,036)	(250,808)
Financing activities			
Proceeds from exercise of stock options	7c	105,200	47,850
Proceeds from exercise of warrants	7d	259,410	41,650
Proceeds from convertible debentures	6	-	2,385,000
Transaction costs on convertible debentures	6	-	(74,751)
Payment of advance royalty payable	5	(250,000)	(200,000)
Cash from financing activities		114,610	2,199,749
Change in cash		(502,775)	1,151,471
Cash, beginning of year		1,420,984	269,513
Cash, end of year		\$ 918,209	\$ 1,420,984
Non-cash investing and financing activities			
Non-cash changes in working capital in mineral properties		65,237	4,915
Accretion of advance royalty payable		124,578	111,576
Recognition of additional advance royalty payable		75,421	78,277
Fair value of convertible debenture transferred to equity upon conversion		55,397,645	152,490
Shares issued on settlement of convertible debenture interest		492,128	515,349
Transaction costs on convertible debentures within accounts payable		-	58,049
Transaction costs recovery on convertible debentures		-	(60,102)
Reclassification of reserves from exercise of stock options		105,098	37,313
Stock option exercise proceeds applied to accounts payable		30,000	-
Issuance of common shares for settlement of restricted share units		1,584	-
Reclassification of reserves from exercise of share purchase warrants		1,178,845	-

The accompanying notes are an integral part of these consolidated financial statements

Oceanic Iron Ore Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Oceanic Iron Ore Corp. (“Oceanic” or the “Company”) is a development-stage company engaged in the acquisition, exploration and development 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 1133 Melville Street, Suite 3500, The Stack, 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 engineering, technical and environmental studies on the Property. The Property comprises three project areas: Hopes Advance (or the “Hopes Advance Project”), Morgan Lake and Roberts Lake, which cover over 36,040 hectares and 848 mineral claims with iron formation and are located within 20 to 50 km from tidewater. The Company operates as a single reportable segment, being the exploration of the Property. All of the Company’s non-current assets are located in Canada.

These consolidated 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. For the year ended December 31, 2025, the Company had no revenues and had negative cash flows from operations. As at December 31, 2025, the Company had an accumulated deficit of \$126,054,714 and a working capital deficit of \$39,431,862. However, on February 12, 2026, the Company closed an equity financing for aggregate gross proceeds of \$50,000,100. Concurrently, all remaining holders of the convertible debentures converted their respective debentures into units. As such, upon closing of the equity financing and conversion of all convertible debentures, the working capital deficit was reversed.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with IFRS. The accounting policies followed in these consolidated financial statements have been consistently applied in all periods presented. These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value. These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its inactive wholly-owned subsidiary. Certain prior period amounts have been reclassified to conform to the presentation in the current period. These consolidated financial statements include the accounts of the Company and its inactive subsidiary incorporated in Canada. These consolidated financial statements were approved by the Board of Directors on April 23, 2026.

Oceanic Iron Ore Corp.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION

Cash and cash equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of issuance that are readily convertible into cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

Loss per share

The basic loss per share is computed by dividing the loss by the weighted average number of common shares outstanding during the period.

Provided that they are not anti-dilutive, the diluted loss per share reflects the potential dilution of common share equivalents, such as convertible debentures, outstanding stock options, restricted share units, and share purchase warrants, in the weighted average number of common shares outstanding during the year, if exercised. For this purpose, the treasury stock method is used whereby the assumed proceeds upon the exercise of the aforementioned common share equivalents are assumed to be used to purchase common shares at the average market price during the period. As at December 31, 2025, the Company had 108,502,760 (2024: 144,183,527) potentially dilutive shares.

Share issue costs

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

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

Current and deferred income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in the consolidated statement of 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 income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Deferred income tax assets and liabilities are determined based on the differences between the tax basis of assets and liabilities and the amounts reported in the consolidated financial statements. The deferred income tax assets or liabilities are calculated using the tax rates enacted or substantially enacted for the periods in which the differences are expected to be settled. Deferred income tax assets are recognized to the extent that they are considered more likely than not to be realized.

Oceanic Iron Ore Corp.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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 amortized over the life of the property based on estimated economic reserves. If a property is abandoned, the acquisition costs will be written off to the consolidated statements of loss. 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.

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

Impairment of mineral properties

Mineral properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable at year-end. 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). Evaluating recoverability during the exploration and evaluation phase requires judgment in determining whether future economic benefits from future exploitation, sale or otherwise are likely. Evaluations may be more complex where activities have not reached a stage which permits a reasonable assessment of the existence of reserves or resources. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of geological, geophysical and seismic data, the Company's intention to continue exploration and evaluation activities, the impact of government legislation and political stability in the region, and the impact of current and expected future iron ore prices on potential reserves.

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 material asset retirement obligations at December 31, 2025 and 2024.

Oceanic Iron Ore Corp.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments

IFRS 9 – Financial Instruments (“IFRS 9”) establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVPL”). The Company determines the classification of the financial assets at initial recognition. The basis of classification depends on the Company’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated at FVPL:

- It has been held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as amortized cost or FVOCI are measured at FVPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVPL, transaction costs that are directly attributed to its acquisition.

Financial liabilities are classified as measured at amortized cost, unless they are classified as measured at FVPL. Financial liabilities measured at amortized cost are remeasured when there is a change in the future estimated cash flows. In cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive loss rather than in net earnings. Investments in equity instruments are required to be measured by default at fair value through profit or loss.

However, on the date of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVOCI.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at FVPL.

The Company’s convertible debenture derivative liabilities have been classified as FVPL. Cash, accounts payable and accrued liabilities, amounts due to related parties, convertible debenture liabilities, and the advance royalty payable are classified at amortized cost.

Oceanic Iron Ore Corp.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Convertible debentures

The Company's convertible debentures are classified as two liability components, the units which are classified as a derivative liability and fair valued each reporting period, which changes are recorded in the consolidated statements of loss, and the convertible debenture liability component which is initially recorded at fair value and subsequently at amortized cost using the effective interest rate method. The convertible debenture liability is accreted to the face value over the term of the convertible debenture. On initial recognition of a convertible debenture, if the transaction price differs from the fair values of the derivative and convertible debenture liabilities, a deferred gain or loss is recognized and amortized over the term of the convertible debenture.

Accounting standards and amendments issued but not yet adopted

Amendments to IFRS 9 and IFRS 7, *Amendments to the Classification and Measurement of Financial Instruments* ("**Amendments to IFRS 9 and IFRS 7**"): In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 which clarify the date of recognition and derecognition of some financial assets and liabilities with a new exception for some financial liabilities settled through an electronic cash transfer system, clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion, add new disclosures for certain instruments with contractual terms that can change cash flows such as instruments with features linked to the achievement of environment, social and governance targets; and update the disclosures for equity instruments designated at FVOCI. Amendments to IFRS 9 and IFRS 7 are effective for periods beginning on or after January 1, 2026, with early adoption permitted. The Company has elected to derecognize financial liabilities settled through its electronic cash transfer systems before the settlement date if it has no ability to withdraw, stop or cancel the payment, has lost the practical ability to access the cash as a result of the electronic payment instruction, and the risk of a settlement not occurring is insignificant. The Company has determined the other amendments will not have a material impact on the consolidated financial statements.

IFRS 18, *Presentation and Disclosure in Financial Statements* ("**IFRS 18**"): In April 2024, the IASB issued IFRS 18, which will replace IAS 1. IFRS 18 is effective for periods beginning on or after January 1, 2027, with early adoption permitted. IFRS 18 will require defined categories and subtotals in the statement of income or loss, require disclosure about management-defined performance measures, and adds new principles for aggregation and disaggregation of information. The Company is assessing the impact of this standard on its disclosures. Due to the classification of income and expenses as operating, investing, or financing under IFRS 18, the Company expects changes to its subtotals on the statements of income or loss. The Company continues to assess the impact of IFRS 18 on its consolidated financial statements.

Oceanic Iron Ore Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements in accordance with IFRS, 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.

Significant estimates

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and future financial years:

- The Company uses the Black-Scholes option pricing model to value the grant of stock options. The model requires management to make estimates that are subjective and may not be representative of actual results.
- The determination of the fair value of the derivative liabilities require the use of estimates, including assumptions for key inputs such as volatility, discount rates, and credit risk. These estimates are based on available market data and management's judgment. Changes in these assumptions could materially impact the fair value measurement.
- The determination of the composition of deferred income tax assets and liabilities involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred income tax assets and liabilities, and interpretations of laws. The Company is subject to assessments by tax authorities who may interpret the law differently. Changes in these interpretations, judgments, and estimates may materially affect the final amount of deferred income tax provisions, deferred income tax assets and liabilities, and results of operations.

Significant judgments

- The assessment of the Company's ability to continue as a going concern and its ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.
- The carrying value of exploration and evaluation assets require judgment in determining whether it is likely that future economic benefits are likely either from future exploration or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.
- The determination of the discount rate applied in estimating the fair value of convertible debentures and advance royalty payable requires judgment. The rate reflects estimated market yields for comparable instruments and considers the Company's credit risk, prevailing market conditions, and the terms and maturity of the obligations. Changes in these assumptions could materially impact the fair value measurement.

Oceanic Iron Ore Corp.

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4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

- The determination of the classification and measurement of convertible debt requires judgment, including the assessment of whether the instrument contains liability, equity, and/or derivative liability components based on its contractual terms and substance. Measurement of the liability and any derivative liability components requires the use of estimated market rates and assumptions. Changes in these judgments may impact the amounts recognized in the financial statements.

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 consolidated financial statements is included in the notes to the consolidated financial statements where applicable.

5. MINERAL PROPERTIES - UNGAVA BAY

a) Acquisition costs

	Year ended December 31, 2025	Year ended December 31, 2024
Acquisition costs - beginning of year	\$ 20,456,957	\$ 20,267,104
Additions during the year		
Additional advance royalty payable	75,421	78,277
Accretion of advance royalty payable	124,578	111,576
Acquisition costs - end of year	\$ 20,656,956	\$ 20,456,957

b) Exploration costs

	Year ended December 31, 2025	Year ended December 31, 2024
Exploration costs - beginning of year	\$ 24,442,477	\$ 24,186,754
Expenditures during the year		
Permitting and claims	74,550	95,627
Fieldwork and geology	53,902	-
Mapping & imagery	5,250	147,974
Assays & metallurgy	124,971	-
Equipment, supplies & rentals	6,601	6,000
Office and accommodation	-	6,122
Exploration costs - end of year	\$ 24,707,751	\$ 24,442,477
Grand total - mineral properties	\$ 45,364,707	\$ 44,899,434

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

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5. MINERAL PROPERTIES - UNGAVA BAY (CONTINUED)

A 1% NSR is payable to 154619 Canada Inc. ("154619") and a 1% NSR is payable to SPG Royalties Inc. ("SPG"). The Company discounted the advance NSR payments using a discount rate of 20% per annum, representing the estimated rate of return of similar investments. 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 payments as at December 31, 2025 and 2024 was \$1,000,000 and \$1,050,000, respectively. For the year ended December 31, 2025, accretion of the advance royalty payable totaled \$124,578 (2024: \$111,576). As at December 31, 2025, the total advance royalty payable was \$583,032 (2024: \$633,033), with \$166,750 (2024: \$216,750) recognized as a current liability and \$416,282 (2024: \$416,283) recognized as a non-current liability.

On November 28, 2025, the Company paid the remaining \$50,000 of its 2024 advance royalty payment and \$100,000 of its 2025 advance royalty payment to 154619. On November 28, 2025, the Company paid its 2025 advance royalty payment of \$100,000 to SPG.

On November 28, 2024, the Company paid the remaining \$50,000 of its 2023 advance royalty payment to 154619 and partially paid its 2024 advance royalty payment of \$50,000, with the remaining \$50,000 having been agreed to be deferred until November 30, 2025. On November 28, 2024, the Company paid its 2024 advance royalty payment of \$100,000 to SPG.

6. CONVERTIBLE DEBENTURES

The following tables summarize the changes to the convertible debentures:

	Series A Debentures	Series B Debenture	Series C Debentures	Series D Debentures	Series E Debentures	Total
Balance - December 31, 2024	\$ 2,038,648	\$ 2,227,272	\$ 1,775,260	\$ 2,016,233	\$ 1,067,634	\$ 9,125,047
Interest expense and accretion	112,391	120,371	117,287	163,335	230,497	743,881
Amortization of transaction costs	-	9,919	7,662	7,183	69,767	94,531
Interest settlements through share issuance	(63,029)	(71,188)	(124,044)	(92,080)	(141,787)	(492,128)
Partial and full redemption of convertible debenture	(1,538,083)	-	(648,355)	(797,160)	(52,414,046)	(55,397,644)
Loss on change in fair value of derivative liabilities	7,966,629	8,222,780	6,942,863	11,058,137	51,187,935	85,378,344
Balance - December 31, 2025	\$ 8,516,556	\$ 10,509,154	\$ 8,070,673	\$ 12,355,648	\$ -	\$ 39,452,031
Balance - December 31, 2023	\$ 1,078,434	\$ 1,255,642	\$ 848,444	\$ 267,227	\$ -	\$ 3,449,747
Proceeds received	-	-	-	-	2,385,000	2,385,000
Transaction costs recovery (expense)	-	-	-	60,102	(74,751)	(14,649)
Interest expense and accretion	138,772	111,552	119,462	214,950	80,831	665,567
Amortization of transaction costs	-	9,892	7,663	10,125	4,983	32,663
Interest settlements through share issuance	(80,750)	(88,983)	(164,259)	(126,779)	(54,578)	(515,349)
Partial redemption of convertible debenture	-	-	(79,990)	(72,500)	-	(152,490)
Loss (gain) on change in fair value of derivative liabilities	902,192	939,169	1,043,940	1,663,108	(1,273,851)	3,274,558
Balance - December 31, 2024	\$ 2,038,648	\$ 2,227,272	\$ 1,775,260	\$ 2,016,233	\$ 1,067,634	\$ 9,125,047

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6. CONVERTIBLE DEBENTURES (CONTINUED)

The following tables summarize the components of the convertible debentures:

	Series A	Series B	Series C	Series D	Series E	Total
	Debentures	Debenture	Debentures	Debentures	Debentures	
Convertible debenture liability	580,018	594,506	1,393,735	873,084	-	3,441,343
Deferred loss convertible debenture liability	-	-	(85,100)	(632,328)	-	(717,428)
Derivative liability	7,936,538	9,914,648	6,762,038	12,114,892	-	36,728,116
Balance - December 31, 2025	\$ 8,516,556	\$ 10,509,154	\$ 8,070,673	\$ 12,355,648	\$ -	\$ 39,452,031
Convertible debenture liability	597,485	535,404	1,477,174	871,182	1,564,661	5,045,906
Deferred loss convertible debenture liability	-	-	(522,754)	(871,182)	(1,564,661)	(2,958,597)
Derivative liability	1,441,163	1,691,868	820,840	2,147,522	6,966,240	13,067,633
Deferred loss derivative liability	-	-	-	(131,289)	(5,898,606)	(6,029,895)
Balance - December 31, 2024	\$ 2,038,648	\$ 2,227,272	\$ 1,775,260	\$ 2,016,233	\$ 1,067,634	\$ 9,125,047

The convertible debentures are secured with a first ranking charge at any time against the assets of the Company, ranking pari-passu with the current secured debenture holders. Interest on the convertible debentures may be settled in cash or common shares quarterly, at the election of the Company, at the market price of the common shares at the time of the interest settlement. During the year ended December 31, 2025, the Company settled \$492,128 (2024: \$515,349) of debenture interest by issuing 1,631,025 (2024: 5,566,038) common shares.

On September 26, 2022, the Company issued Series A Debentures, with an original face value of \$760,000, which are convertible into units of the Company at a conversion price of \$0.07 per unit during the first year of the debenture, and \$0.10 per unit thereafter. Each unit is comprised of one common share and one share purchase warrant exercisable into one common share of the Company at a price of \$0.07 per common share. The Series A Debentures bear interest at 8.5% per annum, and matures on September 26, 2027. During the year ended December 31, 2025, holders converted \$80,000 (2024: \$nil) of Series A Debentures. As at December 31, 2025, the Company had a face value of \$680,000 (2024: \$760,000) of Series A Debentures outstanding, of which \$305,000 (2024: \$105,000) are held by an officer, a director and a company controlled by a director or a significant shareholder of the Company.

On November 29, 2023, the Company issued a Series B Debenture, with an original face value of \$837,500, which is convertible into units of the Company at a conversion price of \$0.10 per unit. Each unit is comprised of one common share and one share purchase warrant exercisable into one common share of the Company at a price of \$0.07 per common share. The Series B Debenture bears interest at 8.5% per annum, and matures on November 29, 2028. As at December 31, 2025, the Company had a face value of \$837,500 (2024: \$837,500) of the Series B Debenture outstanding.

On March 10, 2021, the Company issued Series C Debentures, with an original face value of \$1,557,548, which are convertible into units of the Company at a conversion price of \$0.19 per unit. Each unit is comprised of one common share and one share purchase warrant exercisable into one common share of the Company at a price of \$0.19 per common share. The Series C Debentures bear interest at 8.5% per annum, and matures on March 10, 2026. During the year ended December 31, 2025, holders converted \$83,429 (2024: \$79,990) of Series C Debentures, of which \$26,999 (2024: \$nil) was converted by a director of the Company. As at December 31, 2025, the Company had a face value of \$1,394,129 (2024: \$1,477,558) of Series C Debentures outstanding, of which \$1,025,909 (2024: \$868,038) are held by an officer, a director and companies controlled by directors or a significant shareholder of the Company.

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6. CONVERTIBLE DEBENTURES (CONTINUED)

On September 26, 2022, the Company issued Series D Debentures, with an original face value of \$1,220,000, which are convertible into units of the Company at a conversion price of \$0.07 per unit during the first year of the debenture, and \$0.10 per unit thereafter. Each unit is comprised of one common share and one share purchase warrant exercisable into one common share of the Company at a price of \$0.07 per common share. The Series D Debentures bear interest at 8.5% per annum, and mature on September 26, 2027. During the year ended December 31, 2025, holders converted \$94,500 (2024: \$72,500) of Series D Debentures, of which \$45,500 (2024: \$62,000) was converted by a director and a company controlled by a director of the Company. As at December 31, 2025, the Company had a face value of \$1,038,000 (2024: \$1,132,500) of Series D Debentures outstanding, of which \$718,000 (2024: \$558,500) were held by an officer, a director, a significant shareholder and a company controlled by a director of the Company.

On September 24, 2024, the Company issued Series E Debentures, with an original face value of \$2,385,000, which are convertible into units of the Company at a conversion price of \$0.075 per unit during the first year of the debenture, and \$0.10 per unit thereafter. Each unit is comprised of one common share and one share purchase warrant exercisable into one common share of the Company at a price of \$0.075 per common share. The Series E Debentures bear interest at 8.5% per annum, and mature on September 24, 2029. During the year ended December 31, 2025, holders fully converted the Series E Debentures, of which \$1,059,999 was converted by an officer, directors, and companies controlled by an officer, directors and a significant shareholder of the Company.

Upon conversion of the debentures, the carrying value of the convertible debentures liability and the fair values of the derivative liabilities (as remeasured at the respective conversion dates) were transferred to equity.

During the year ended December 31, 2025, the loss on change in fair value of derivative liabilities of \$85,378,344 (2024: \$3,274,558) included the amortization of deferred loss of \$8,271,065 (2024: \$1,236,718).

In accordance with IFRS 9 – *Financial Instruments* (“IFRS 9”), it has been determined that the respective convertible debentures are hybrid debt instruments which contain non-cash embedded derivative liabilities associated with the conversion features of the debentures into units. IFRS 9 further determines that the debenture is to be measured at amortized cost and the non-cash embedded derivative is to be measured at fair value.

The Company uses a binomial option pricing model to fair value the derivative liability components, using the following inputs and assumptions:

	December 31, 2025			
	Series A Debentures	Series B Debenture	Series C Debentures	Series D Debentures
Volatility	125.09%	109.54%	87.93%	125.09%
Stock price	\$ 0.65	\$ 0.65	\$ 0.65	\$ 0.65
Exercise price of units	\$ 0.10	\$ 0.10	\$ 0.19	\$ 0.10
Exercise price of warrants	\$ 0.07	\$ 0.07	\$ 0.19	\$ 0.07
Interest rate	2.58%	2.57%	2.19%	2.58%
Time to maturity (years)	1.74	2.92	0.19	1.74
Dividend yield	0.00%	0.00%	0.00%	0.00%

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6. CONVERTIBLE DEBENTURES (CONTINUED)

December 31, 2024

	Series A	Series B	Series C	Series D	Series E
	Debentures	Debenture	Debentures	Debentures	Debentures
Volatility	101.52%	95.42%	113.77%	101.52%	99.03%
Stock price	\$ 0.135	\$ 0.135	\$ 0.135	\$ 0.135	\$ 0.135
Exercise price of units	\$ 0.10	\$ 0.10	\$ 0.19	\$ 0.10	\$ 0.075
Exercise price of warrants	\$ 0.07	\$ 0.07	\$ 0.19	\$ 0.07	\$ 0.075
Interest rate	2.87%	2.92%	3.12%	2.87%	2.96%
Time to maturity (years)	2.74	3.92	1.19	2.74	4.73
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%

As all convertible debentures issued by the Company are convertible at the election of the holder, the Company does not control the timing of such conversions and, at the reporting date, is not considered to have an unconditional right to defer settlement (by conversion into equity instruments) for the next twelve months. As a result, the convertible debentures are presented as current liabilities.

On February 12, 2026, all outstanding Series A, B, C, and D Debentures were converted by debenture holders into units resulting in the issuance of 32,892,521 common shares and 32,892,521 share purchase warrants. Upon conversion of the debentures, deferred loss related to Series C and D Debentures were amortized in the statement of net loss and comprehensive loss (Note 13).

7. SHARE CAPITAL

a) Share capital

Unlimited common and preferred shares without par value.

During the year ended December 31, 2025, the Company issued:

- 33,984,099 common shares from conversion of convertible debentures with a face value of \$2,642,929, of which 14,730,419 common shares were issued to an officer, directors, and companies controlled by directors, an officer or a significant shareholder of the Company for conversion of \$1,132,498 of convertible debentures. The fair value of units issued was \$55,397,645, of which \$26,931,470 were allocated to the fair value of share purchase warrants using residual value method;
- 1,631,025 common shares to settle debenture interest amounting to \$492,128, of which 790,091 common shares were issued to officers, directors, a significant shareholder and companies controlled by directors or a significant shareholder of the Company to settle debenture interest of \$240,333;
- 2,475,000 common shares from the exercise of share purchase warrants for proceeds of \$259,410, of which 330,000 common shares were issued to a company controlled by a director of the Company for proceeds of \$23,100. The fair value of share purchase warrants exercised of \$1,178,845 was transferred from reserves to share capital;
- 1,145,000 common shares from exercise of stock options for proceeds of \$135,200, of which 330,000 common shares were issued to directors of the Company for proceeds of \$49,500, of which \$30,000 was settled from outstanding debt. The fair value of options exercised of \$105,098 was transferred from reserves to share capital; and
- 16,666 common shares from settlement of restricted share units, which was issued to an officer of the Company. The fair value of settled restricted share units of \$1,584 was transferred from reserves to share capital.

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7. SHARE CAPITAL (CONTINUED)

a) Share capital (continued)

During the year ended December 31, 2024, the Company issued:

- 5,566,038 common shares to settle debenture interest amounting to \$515,349, of which 1,681,708 common shares were issued to officers, directors, a significant shareholder and companies controlled by directors of the Company;
- 1,146,000 common shares on the redemption and partial redemptions of convertible debentures amounting to \$152,490, of which 620,000 common shares were issued to a company controlled by a director of the Company;
- 595,000 common shares on exercise of warrants for gross proceeds of \$41,650, of which 490,000 common shares were issued to a company controlled by a director of the Company; and
- 510,000 common shares to a former officer of the Company pursuant to the exercise of stock options for gross proceeds of \$47,850. The fair value of options exercised of \$37,313 was transferred from reserves to share capital.

b) Restricted Share Units ("RSUs")

During the year ended December 31, 2025, the Company recognized share-based compensation expense of \$1,715 (2024: \$2,177) with a corresponding increase to reserves and \$1,584 (2024: \$nil) was transferred from reserves to share capital upon the settlement of 16,666 (2024: \$nil) RSUs.

	Number of RSUs
RSUs outstanding - December 31, 2023	-
Issued	50,000
RSUs outstanding - December 31, 2024	50,000
Settled	(16,666)
RSUs outstanding - December 31, 2025	33,334

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7. SHARE CAPITAL (CONTINUED)

c) Stock options

Under the Company's stock option plan, the Company may grant stock options to its directors, officers, employees and consultants to acquire a maximum number of common shares equal to 10% of the total issued common shares of the Company exercisable for a period of up to 10 years from the date of grant, subject to vesting conditions.

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

	Number of options	Weighted average exercise price
Options outstanding - December 31, 2023	8,325,000	\$ 0.13
Granted	3,020,000	\$ 0.09
Exercised	(510,000)	\$ 0.09
Expired	(650,000)	\$ 0.16
Forfeited	(570,000)	\$ 0.15
Options outstanding - December 31, 2024	9,615,000	\$ 0.12
Options exercisable - December 31, 2024	8,155,000	\$ 0.12
Granted	1,940,000	\$ 0.47
Exercised	(1,145,000)	\$ 0.12
Options outstanding - December 31, 2025	10,410,000	\$ 0.18
Options exercisable - December 31, 2025	9,116,667	\$ 0.14

On August 15, 2025, the Company granted 1,940,000 stock options to directors, officers and consultants of the Company, exercisable at a price of \$0.47 per share for a period of 10 years expiring on August 15, 2035.

The Company used a Black Scholes option valuation model to determine the grant-date fair value of stock options, assuming no expected dividends or forfeitures:

	Year ended December 31, 2025	Year ended December 31, 2024
Risk-free interest rate	3.46%	3.44% - 3.79%
Expected life (years)	10.0	10.0
Annualized volatility	93.27%	90.18% - 92.42%
Dividend rate	0%	0%

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. Expected volatilities for periods within the contractual term of the option are based on historical volatilities of the Company's stock price at the time of the grant.

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7. SHARE CAPITAL (CONTINUED)

c) Stock options (continued)

The following tables summarize information about stock options outstanding and exercisable:

Total options outstanding		Weighted average remaining contractual life (years)		Total options exercisable		Weighted average remaining contractual life (years)		Weighted average exercise price	
Range of exercise price	Number			Number					
\$0.05-\$0.10	4,400,000	6.9	\$	4,400,000	6.9	\$	0.08		
\$0.11-\$0.15	2,725,000	4.8	\$	2,725,000	4.8	\$	0.14		
\$0.16-\$0.20	700,000	8.9	\$	700,000	8.9	\$	0.18		
\$0.21-\$0.25	645,000	2.0	\$	645,000	2.0	\$	0.24		
\$0.26-\$0.47	1,940,000	9.6	\$	646,667	9.6	\$	0.47		
	10,410,000	6.7	\$	9,116,667	6.3	\$	0.14		

Total options outstanding		Weighted average remaining contractual life (years)		Total options exercisable		Weighted average remaining contractual life (years)		Weighted average exercise price	
Range of exercise price	Number			Number					
\$0.05-\$0.10	4,840,000	7.8	\$	3,846,667	7.4	\$	0.08		
\$0.11-\$0.15	3,430,000	5.3	\$	3,430,000	5.3	\$	0.14		
\$0.16-\$0.20	700,000	9.9	\$	233,333	9.9	\$	0.18		
\$0.21-\$0.25	645,000	3.0	\$	645,000	3.0	\$	0.24		
	9,615,000	6.7	\$	8,155,000	6.2	\$	0.12		

During the year ended December 31, 2025, the Company recorded share-based compensation expense relating to stock options of \$657,429 (2024: \$165,402). The weighted average fair value of the stock options granted during the year ended December 31, 2025 was \$0.41 (2024: \$0.08) per option. The weighted average share price at the time of the stock option exercises during the year ended December 31, 2025 was \$0.56 (2024 - \$0.23) per common share.

d) Share purchase warrants

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

	Number of share purchase warrants	Weighted average exercise price
Balance - December 31, 2023	214,285	\$ 0.07
Issued	1,146,000	0.11
Exercised	(595,000)	0.07
Balance - December 31, 2024	765,285	\$ 0.14
Issued	33,984,099	0.08
Exercised	(2,475,000)	0.10
Balance - December 31, 2025	32,274,384	\$ 0.08

As at December 31, 2025, the share purchase warrants outstanding had a weighted average remaining life of 3.7 years. During the year ended December 31, 2025, conversions of Series A, C, D and E convertible debentures resulted to issuance of 33,984,099 share purchase warrants with fair value of \$26,932,470 (Note 6).

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8. INCOME TAXES

Income tax recovery or 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:

	Year ended December 31, 2025	Year ended December 31, 2024
Loss before income taxes	\$ (87,505,643)	\$ (4,677,584)
Canadian federal and provincial income tax rates	26.50%	26.50%
Expected income tax recovery	(23,188,995)	(1,239,560)
Increase due to:		
Non-deductible expenses and other	22,909,784	944,926
Losses not recognized	279,211	294,634
Income tax recovery	\$ -	\$ -

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

	Year ended December 31, 2025	Year ended December 31, 2024
Deferred income tax assets		
Non-capital losses	\$ 3,025,890	\$ 3,125,382
Equipment	32,056	32,056
Share and debt issue costs	3,961	-
Total deferred income tax assets	\$ 3,061,907	\$ 3,157,438
Deferred income tax liabilities		
Mineral property costs	3,061,907	3,146,707
Share and debt issue costs	-	10,731
Deferred income tax liabilities	\$ 3,061,907	\$ 3,157,438
Deferred income tax liability, net	\$ -	\$ -

The composition of deferred income tax recovery is as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Non-capital losses	\$ 99,492	\$ 9,576
Share and debt issue costs	(14,692)	(4,467)
Equipment	-	75,111
Mineral property costs	(84,800)	(80,220)
	\$ -	\$ -

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8. INCOME TAXES (CONTINUED)

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

	Year ended December 31, 2025	Year ended December 31, 2024
Non-capital losses	\$ 2,849,073	\$ 2,569,862
Capital losses	233,793	233,793
	\$ 3,082,866	\$ 2,803,655

As at December 31, 2025, the Company has loss carry-forwards of \$22,169,671 (2024: \$21,491,484). These tax losses may be available for tax purposes and expire between 2026 and 2045.

9. COMMITMENTS

As part of the acquisition of the Ungava Bay mineral properties, 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 (Note 5). These payments are estimated to continue for a rolling five-year period.

The Company's undiscounted contractual commitments were as follows:

	December 31, 2025			
	Less than 1 year	1 -3 years	More than 3 years	Total
Accounts payable and accrued liabilities	\$ 312,381	\$ -	\$ -	\$ 312,381
Due to related parties	457,691	-	-	457,691
Convertible debenture - liability component	3,989,733	-	-	3,989,733
Advance royalty payable	200,000	400,000	400,000	1,000,000
	\$ 4,959,805	\$ 400,000	\$ 400,000	\$ 5,759,805

	December 31, 2024			
	Less than 1 year	1 -3 years	More than 3 years	Total
Accounts payable and accrued liabilities	\$ 257,674	\$ -	\$ -	\$ 257,674
Due to related parties	249,069	-	-	249,069
Convertible debenture - liability component	560,369	4,221,042	3,639,329	8,420,740
Advance royalty payable	250,000	400,000	400,000	1,050,000
	\$ 1,317,112	\$ 4,621,042	\$ 4,039,329	\$ 9,977,483

The convertible debenture – liability component represents principal and interest payments up to February 12, 2026. On February 12, 2026, all outstanding Series A, B, C, and D Debentures were converted by debenture holders into units resulting in the issuance of 32,892,521 shares and 32,892,521 share purchase warrants (Note 13).

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10. 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, which includes compensation to the former Interim Chief Executive Officer who resigned August 22, 2024, is also presented in the table below:

	Year ended December 31, 2025	Year ended December 31, 2024
Directors' fees	\$ 20,500	\$ 30,000
Consulting and management fees	320,000	311,022
Share-based compensation*	594,824	153,307
	\$ 935,324	\$ 494,329

*Share-based compensation is valued based on the fair value of stock options and RSUs granted to individuals

b) Payments for services by related parties

During the year ended December 31, 2025, the Company incurred consulting fees of \$100,000 (2024: \$110,000), to Sirocco Advisory Services Ltd. ("Sirocco"), a company controlled by a director of the Company. As at December 31, 2025, the Company owed \$76,933 (2024: \$33,333) to Sirocco relating to unpaid consulting fees.

During the year ended December 31, 2025, the Company incurred consulting fees of \$100,000 (2024: \$36,022) to the Company's Chief Executive Officer. As at December 31, 2025, the Company owed \$18,498 (2024: \$nil) to the Chief Executive Officer relating to unpaid consulting fees and expenses.

During the year ended December 31, 2025, the Company incurred consulting fees of \$nil (2024: \$45,000) to Sinocan Consultant Hong Kong Ltd. ("Sinocan"), a company controlled by the former Interim Chief Executive Officer.

During the years ended December 31, 2025 and 2024, the Company incurred consulting fees of \$60,000 to Timbavati Consult Inc. ("Timbavati"), a company controlled by the Chief Financial Officer. As at December 31, 2025, the Company owed \$80,000 (2024: \$20,000) to Timbavati relating to unpaid consulting fees.

During the years ended December 31, 2025 and 2024, the Company incurred consulting fees of \$60,000 to Fiore Management & Advisory Corp. ("Fiore"), a company controlled by a director of the Company. As at December 31, 2025, the Company owed \$80,000 (2024: \$20,000) to Fiore relating to unpaid consulting fees.

As at December 31, 2025, the Company owed \$73,500 (2024: \$67,500) in directors' fees to certain directors of the Company.

The Company was charged shared lease, overhead, and service costs by Artemis Gold Inc. ("Artemis"), a company with common management and directors. For the year ended December 31, 2025, the Company incurred \$20,524 (2024: \$18,796) in shared lease, overhead, and service costs. As at December 31, 2025, the Company owed \$128,760 (2024: \$108,236) to Artemis.

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11. FINANCIAL RISK MANAGEMENT

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Financial instrument risk exposure

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

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, amounts due to related parties, advance royalty payable, and convertible debentures. These financial instruments are designated as follows: cash is a financial asset measured at amortized cost, accounts payable and accrued liabilities and amounts due to related parties are financial liabilities measured at amortized cost, the measurement of the advance royalty payable is disclosed in Note 5, and the measurement of the convertible debentures is disclosed in Note 6.

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 receivables. The Company has concentration of risk with respect to cash being held with one large Canadian financial institution. The Company's credit risk is mitigated by maintaining its financial liquid assets with highly reputable counterparties. The maximum exposure to credit risk is equal to the carrying value of the financial assets noted above.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its obligations as they fall due. The Company manages liquidity risk by preparing and maintaining cash forecasts, which illustrate cash spent to date and the Company's cash needs over the short term. Contractual undiscounted cash flow requirements for financial liabilities as at December 31, 2025 are presented in Note 9. On February 12, 2026, the Company closed an equity financing for aggregate gross proceeds of \$50,000,100. Concurrently, all holders of the convertible debentures converted their respective debentures into units. As such, upon closing of the equity financing and conversion of all convertible debentures, the Company's working capital deficit was reversed (Note 13).

The recoverability of the amounts shown for mineral properties is 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.

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11. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial instrument risk exposure (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 and convertible debentures can be affected by changes in interest rates, foreign exchange rates and equity and commodity prices. The Company is exposed to market risk in its cash. The Company manages market risk by investing funds with a reputable financial institution that provides competitive rates of return.

Interest rate risk is the risk that the future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk is not significant and a 1% change in market interest rates would not have a significant impact on the Company's net 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); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

Fair value is based on available public market information or, when such information is not available, estimated using fair valuation techniques (including option pricing models and present value models) which include assumptions concerning the amount and timing of future cash flows and/or debt conversions, discount rates which factor in the appropriate credit risk, as well as historical volatility rate assumptions as applicable. The carrying values of cash, receivables, prepaid expenses and deposits, accounts payable and accrued liabilities, amounts due to related parties, advance royalty payable, and convertible debentures approximate their fair values due to their short-term nature.

As at December 31, 2025, the derivative liabilities of \$36,728,116 (2024: \$13,067,633) included in the convertible debentures are measured at level 3 due to certain inputs that are not based on observable market data.

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12. MANAGEMENT OF CAPITAL

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 as needed. As a matter of carrying out the Company's objectives, the Company may renegotiate its existing liabilities, issue new equity or incur debt.

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 no externally imposed capital requirements as at December 31, 2025 and 2024. Further information relating to management of capital is disclosed in Note 1.

13. SUBSEQUENT EVENTS

- a) On February 12, 2026, the Company closed a private placement for 66,666,800 units of the Company at a price of \$0.75 per unit for aggregate gross proceeds of \$50,000,100, of which 5,207,200 common shares were issued to officers and companies controlled by a director, an officer and a significant shareholder of the Company for gross proceeds of \$3,905,400. Each unit is comprised of one common share and one-half of one share purchase warrant of the Company. Each whole share purchase warrant will be exercisable to purchase one common share at an exercise price of \$0.95 per common share, expiring on February 12, 2029. In relation to the private placement, the Company incurred finder's fee of \$776,250.
- b) On February 12, 2026, all outstanding Series A, B, C, and D Debentures were converted by debenture holders into units resulting in the issuance of 32,892,521 common shares and 32,892,521 share purchase warrants.
- c) Subsequent to the year ended December 31, 2025, the Company issued 7,479,621 common shares for proceeds of \$1,421,128 pursuant to the exercise of share purchase warrants.
- d) Subsequent to the year ended December 31, 2025, the Company granted 2,688,000 stock options to directors, officers and consultants of the Company, exercisable at a weighted average price of \$0.77 per share for a period of 5 years.