

Oceanic Iron Ore Corp.

Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2020 and 2019
(Stated in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

Oceanic Iron Ore Corp.

Interim Consolidated Statements of Financial Position (Unaudited)

	<i>Notes</i>	As at March 31, 2020	As at December 31, 2019
Assets			
Current			
Cash and cash equivalents		\$ 315,587	\$ 422,788
Receivables		15,824	20,736
Prepaid expenses and deposits		36,975	5,903
		368,386	449,427
Mineral properties	3	43,423,991	43,324,901
		\$ 43,792,377	\$ 43,774,328
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 350,607	\$ 279,555
Due to related parties	7	342,941	280,810
Current portion of advance royalty payable	3b	378,148	369,529
		1,071,696	929,894
Non-current portion of advance royalty payable	3b	449,168	427,438
Convertible debentures	4	1,687,919	1,882,260
		3,208,783	3,239,592
Shareholders' equity			
Share capital	5a,b	61,101,843	61,101,843
Contributed surplus	5b,c,d	10,817,953	10,810,683
Deficit		(31,336,202)	(31,377,790)
		40,583,594	40,534,736
		\$ 43,792,377	\$ 43,774,328
Nature of operations and going concern	1		
Commitments	6		
Subsequent event	9		
Approved by the Board:			
" Steven Dean "		Director	
" Gordon Keep "		Director	

Oceanic Iron Ore Corp.

Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited)

For the three months ended March 31, 2020 and 2019

	Notes	Three months ended March 31, 2020	Three months ended March 31, 2019
Expenses			
Consulting and management fees		\$ 58,750	\$ 58,750
Directors' fees		7,500	7,500
Investor relations and corporate development		-	270
License and insurance		5,956	5,525
Office and general		3,181	5,548
Professional fees		12,602	4,312
Rent		2,951	8,937
Share-based payments		7,270	84,439
Transfer agent and regulatory		3,621	4,148
Wages and benefits		16,975	23,414
Loss from operations		(118,806)	(202,843)
Other expenses			
(loss)/gain on convertible debenture derivative liability	4	216,076	(777,281)
Convertible debenture accretion expense	4	(55,682)	(80,957)
Net Income (loss) and comprehensive Income (loss) for the period		\$ 41,588	\$ (1,061,081)
Income (loss) per common share - basic and diluted		\$ 0.00	\$ (0.02)
Weighted average number of common shares outstanding			
Basic		92,555,848	69,055,849
Diluted		105,079,849	69,055,849

Oceanic Iron Ore Corp.

Interim Consolidated Statements of Changes in Equity (Unaudited) For the three months ended March 31, 2020 and 2019

	Notes	Shares	Share Capital	Contributed surplus	Deficit	Total Equity
Balance - January 1, 2020		92,555,848	\$ 61,101,843	\$ 10,810,683	\$ (31,377,790)	\$ 40,534,736
Share-based payments - stock options		-	-	7,270	-	7,270
Net income for the period		-	-	-	41,588	41,588
Balance - March 31, 2020		92,555,848	\$ 61,101,843	\$ 10,817,953	\$ (31,336,202)	\$ 40,583,594
		Shares	Share Capital	Contributed surplus	Deficit	Total Equity
Balance - January 1, 2019		69,055,849	\$ 60,091,231	\$ 10,354,193	\$ (30,538,298)	\$ 39,907,126
Share-based payments - stock options		-	-	56,218	-	56,218
Share-based payments - restricted share units		-	-	28,221	-	28,221
Net loss for the period		-	-	-	(1,061,081)	(1,061,081)
Balance - March 31, 2019		69,055,849	\$ 60,091,231	\$ 10,438,632	\$ (31,599,379)	\$ 38,930,484

Oceanic Iron Ore Corp.

Interim Consolidated Statements of Cash Flows (Unaudited)

For the three months ended March 31, 2020 and 2019

	<i>Notes</i>	March 31, 2020	March 31, 2019
Operating activities			
Net Income (loss) for the period		\$ 41,588	\$ (1,061,081)
Adjustments for:			
Share-based payments		7,270	84,439
(Gain)/loss on convertible debenture derivative liability	4	(216,076)	777,281
Convertible debenture interest expense	4	55,682	80,957
Net changes in non-cash working capital balances:			
Prepaid expenses and deposits		(39,335)	(8,011)
Receivables		11,045	6,615
Accounts payable and accrued liabilities		29,088	12,326
Due to related parties		62,132	75,235
		<u>(48,606)</u>	<u>(32,240)</u>
Investing activities			
Mineral property expenditures	3b	(24,648)	9,139
		<u>(24,648)</u>	<u>9,139</u>
Financing activities			
Interest paid on convertible debenture	4	(33,947)	(54,595)
		<u>(33,947)</u>	<u>(54,595)</u>
Change in cash during the period		(107,201)	(77,696)
Cash, beginning of period		422,788	1,358,358
Cash, end of period		<u>\$ 315,587</u>	<u>\$ 1,281,812</u>

Oceanic Iron Ore Corp.

Notes to the Interim Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2020 and 2019

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

While these financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events result in a material uncertainty casting significant doubt on the validity of this assumption. For the three months ended March 31, 2020, the Company reported a net income of \$41,588 and as at that date had an accumulated deficit of \$31,336,202 and a working capital deficit of \$703,310. The Company will need to raise additional funds in order to finance ongoing exploration, development and administrative expenses over the coming 12 months. The Company continues to pursue a number of options to improve its financial capacity, including securing a strategic partner to further advance the Hopes Advance project, and obtaining cash flow through other forms of financing. The success of raising such funds cannot be assured.

Factors that could affect the availability of financing include the Company's performance, the state of international debt and equity markets which have recently been adversely impacted by uncertainty arising from the COVID-19 pandemic, investor perceptions and expectations, the retention of key executive management and the state of global financial and metals markets.

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

2. BASIS OF PRESENTATION

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

Oceanic Iron Ore Corp.

Notes to the Interim Consolidated Financial Statements (Unaudited)
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2. BASIS OF PRESENTATION (continued)

COVID-19

The Company has assessed the economic impacts of the novel coronavirus ("COVID-19") pandemic on its condensed interim consolidated financial statements, including the valuation of the Company's derivative liability. As at March 31, 2020, management has determined that its general operation of business and the value of the Company's liabilities are not materially impacted. In making this judgment, management has assessed various criteria including, but not limited to, existing laws, regulations, orders, disruptions and potential disruptions in commodity prices and capital markets.

These financial statements were approved by the board of directors on May 20, 2020.

3. MINERAL PROPERTIES - UNGAVA BAY

a) Acquisition costs

	Three months ended March 31, 2020	Year ended December 31, 2019
Acquisition Costs - beginning of period	\$ 19,470,891	\$ 19,193,453
Additions during the period		
Additional advance royalty payable	-	157,254
Accretion of advance royalty payable	30,349	120,184
Acquisition Costs - end of period	\$ 19,501,240	\$ 19,470,891

b) Exploration costs

	Three months ended March 31, 2020	Year ended December 31, 2019
Cumulative exploration costs - beginning of period	\$ 23,854,010	\$ 23,388,259
Expenditures during the period		
Permitting & claims	11,256	50,680
Consultants	54,025	403,466
Equipment, supplies & rentals	3,000	9,179
Office and accommodation	460	2,426
Exploration expenditures for the period	68,741	465,751
Cumulative exploration costs - end of period	\$ 23,922,751	\$ 23,854,010
Grand total - mineral properties	\$ 43,423,991	\$ 43,324,901

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

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3. MINERAL PROPERTIES - UNGAVA BAY (continued)

A 1% NSR is payable to 154619 Canada Inc. and a 1% NSR is payable to SPG Royalties Inc. ("SPG"). The Company discounted the advance NSR payments using a discount rate of 20%, 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 March 31, 2020 total \$1,200,000 (December 31, 2019: \$1,200,000) (Note 6). For the three months ended March 31, 2020, accretion of the advance royalty payable totaled \$30,349, (March 31, 2019 - \$26,412). At March 31, 2020, the total advance royalty payable was \$827,316 (December 31, 2019: \$796,967), with \$378,148 (December 31, 2019: \$369,529) recognized as a current liability and \$449,168 recognized as a long-term liability (December 31, 2019: \$427,438).

4. CONVERTIBLE DEBENTURES

	Convertible debenture - 2017 Debentures	Convertible debenture - 2018 Debentures	Total
Opening balance - January 1, 2019	\$ 1,030,222	\$ 2,029,279	\$3,059,501
Interest expense and accretion	110,509	205,396	315,905
Amortization of transaction costs	2,759	28,447	31,206
Interest payments	(64,600)	(145,978)	(210,578)
Settlement of convertible debenture	-	(1,087,501)	(1,087,501)
(Gain) loss due to fair value adjustment on derivative liability	43,202	(269,475)	(226,273)
Balance - December 31, 2019	\$ 1,122,092	\$ 760,168	\$1,882,260
Interest expense and accretion	29,115	24,712	53,827
Amortization of transaction costs	806	1,049	1,855
Interest payments	(16,150)	(17,797)	(33,947)
(Gain) due to fair value adjustment on derivative liability	(41,759)	(174,317)	(216,076)
Balance - March 31, 2020	\$ 1,094,104	\$ 593,815	\$1,687,919

5. SHARE CAPITAL

a) Share Capital

Unlimited common and preferred shares without par value.

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5. SHARE CAPITAL (continued)

b) Restricted Share Units ("RSUs")

A summary of the changes in RSUs is as follows:

	Number of RSUs
Balance - January 1, 2019	-
Granted	684,157
Expired	(50,000)
RSUs outstanding - December 31, 2019 and March 31, 2020	634,157

RSU expense for the three months ended March 31, 2020 was \$nil (March 31, 2019 - \$28,221), which was recorded within Share-based payment expense in the Statement of Income (loss) and Comprehensive Income (loss).

c) Stock options

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

	Options	Weighted average exercise price
Options outstanding - January 1, 2019	3,375,950	0.19
Granted	1,990,000	0.09
Forfeited	(130,000)	0.09
Options outstanding - December 31, 2019	5,235,950	\$ 0.16
Forfeited	(250,000)	0.16
Options outstanding - March 31, 2020	4,985,950	\$ 0.16
Options exercisable - March 31, 2020	4,985,950	\$ 0.16

Total share-based payments recognized during the three months ended March 31, 2020 was \$7,270 (March 31, 2019 - \$56,218) which was recorded within Share-based payment expense in the Statement of Income (loss) and Comprehensive Income (loss).

The following table summarizes information about stock options outstanding at March 31, 2020:

Number of Options outstanding	Exercise Price CAD	Expiry Date	Options Exercisable
392,350	0.200	November 30, 2020	392,350
250,000	0.200	January 5, 2021	250,000
30,000	0.200	January 11, 2021	30,000
10,000	0.200	April 5, 2021	10,000
110,600	0.200	May 18, 2021	110,600
205,000	0.200	December 16, 2021	205,000
183,000	0.200	January 18, 2023	183,000
765,000	0.155	November 25, 2024	765,000
25,000	0.155	December 15, 2024	25,000
570,000	0.150	December 2, 2025	570,000
835,000	0.250	January 20, 2027	835,000
1,610,000	0.090	March 19, 2029	1,610,000
4,985,950			4,985,950

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5. SHARE CAPITAL (continued)

d) Share purchase warrants

As at March 31, 2020 the Company had a total of 20,125,000 share purchase warrants outstanding with a weighted exercise price of \$0.05. 625,000 warrants expire on September 30, 2022 and 19,500,000 warrants expire on November 23, 2023.

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

	Number	Weighted average exercise price
Balance - January 1, 2019	625,000	0.10
Issued	19,500,000	0.05
Balance - December 31, 2019 and March 31, 2020	20,125,000	\$ 0.05

6. COMMITMENTS

As part of the acquisition of the Ungava Bay mineral properties, commencing on November 30, 2011, Oceanic must pay advance net smelter royalty ("NSR") payments of \$200,000 per year, which will be credited against all future NSR payments payable from production (Note 3b).

The committed charges for the Company are as follows:

	March 31	NSR payments	Total commitments
2020	\$	400,000	\$ 400,000
2021		200,000	200,000
Thereafter		600,000	600,000
	\$	1,200,000	\$ 1,200,000

7. RELATED PARTY 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, for the three months ended March 31, 2020 comprised the following:

	Three months ended March 31, 2020	Three months ended March 31, 2019
Wages and benefits	\$ 15,000	\$ 15,000
Directors' fees	7,500	7,500
Share-based payments*	10,593	75,879
	\$ 33,093	\$ 98,379

*Share-based payments based on Options and RSUs granted to Individuals

Oceanic Iron Ore Corp.

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7. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (continued)

b) Payments for services by related parties

During three ended March 31, 2020, the Company incurred corporate consulting fees of \$28,750 (March 31, 2019 - \$28,750), to Sirocco Advisory Services Ltd., a company controlled by a director and officer of the Company. As at March 31, 2020, the Company owed \$184,583 to Sirocco relating to unpaid consulting fees (December 31, 2019: \$153,333).

During the three ended March 31, 2020, the Company incurred corporate consulting fees of \$15,000 (March 31, 2019 - \$15,000) to Sinocan Consultant Hong Kong Ltd., a company controlled by an officer of the Company. As at March 31, 2020, the Company owed \$5,000 to Sinocan Consultant Hong Kong Ltd. (December 31, 2019 - \$nil).

As at March 31, 2020, the Company owed \$50,000 in directors' fees to certain directors of the Company (December 31, 2019 - \$42,500). As at March 31, 2020, the Company owed unpaid salaries and benefits of \$95,000 to an officer of the Company (December 31, 2019 - \$80,000).

During the three months ended March 31, 2020, the Company was charged \$5,107 on corporate overhead expenses by Artemis Gold Inc, a company with common management and directors. As at March 31, 2020, the Company owed \$10,858 to Artemis Gold Inc. (December 31, 2019: net receivable \$8,764).

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is based on available public market information or, when such information is not available, estimated using present value techniques and assumptions concerning the amount and timing of future cash flows and discount rates which factor in the appropriate credit risk. The carrying values of cash and cash equivalents, accrued interest receivable, restricted cash, accounts payable, accrued liabilities, and due to related parties approximate their fair values due to their short-term nature.

9. SUBSEQUENT EVENT

- a) On April 7, 2020, the Company issued 179,998 common shares as a result of the settlement of RSUs.