

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months
ended March 31, 2023 and 2022

Unaudited - Expressed in Canadian Dollars, unless otherwise noted



**NOTICE OF DISCLOSURE OF NON-AUDITOR REVIEW OF THE CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS**

Pursuant to National-Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Oceanic Iron Ore Corp. (the "Company") for the interim period ended March 31, 2023, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements including International Accounting Standard 34 - Interim Financial Reporting and are the responsibility of the Company's management.

The Company's independent auditor, Saturna Group Chartered Professional Accountants LLP, has not performed a review of these condensed consolidated interim financial statements.

Oceanic Iron Ore Corp.

Condensed Consolidated Interim Statements of Financial Position (Unaudited – expressed in Canadian Dollars)

	Notes	As at March 31, 2023	As at December 31, 2022
Assets			
Current			
Cash		\$ 578,166	\$ 662,818
Receivables		6,285	5,869
Prepaid expenses and deposits		-	6,976
		584,451	675,663
Mineral properties	3	44,234,319	44,178,442
Total assets		\$ 44,818,770	\$ 44,854,105
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 331,795	\$ 346,651
Due to related parties	7	253,751	197,149
Current portion of advance royalty payable	3	178,148	169,529
Current portion of convertible debentures	4	1,209,815	1,075,996
		1,973,509	1,789,325
Non-current portion of advance royalty payable	3	444,736	423,221
Non-current portion of convertible debentures	4	4,236,743	3,433,997
Total liabilities		6,654,988	5,646,543
Shareholders' equity			
Share capital		62,092,068	61,886,678
Reserves		11,225,656	11,243,969
Deficit		(35,153,942)	(33,923,085)
Total shareholders' equity		38,163,782	39,207,562
Total liabilities and shareholders equity		\$ 44,818,770	\$ 44,854,105
<i>Nature of operations and going concern</i>	1		
<i>Commitments</i>	6		
<i>Subsequent event</i>	9		

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.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (Unaudited – Expressed in Canadian Dollars)

	Notes	Three months ended March 31, 2023	Three months ended March 31, 2022
Expenses			
Consulting and management fees	7	\$ 73,750	\$ 58,750
Directors' fees	7	7,500	7,500
License and insurance		6,575	9,831
Office and general		5,411	3,717
Professional fees expense		3,933	12,524
Rent	7	2,667	2,599
Share-based compensation	7	-	22,168
Transfer agent and regulatory		6,253	2,837
Wages and benefits	7	2,720	16,975
Loss from operations		(108,809)	(136,901)
Other expenses			
Loss on non-cash derivative liabilities	4	(988,873)	(911,456)
Convertible debenture accretion expense	4	(133,175)	(98,879)
Total other expenses		(1,122,048)	(1,010,335)
Net loss and comprehensive loss income for the period		\$ (1,230,857)	\$ (1,147,236)
Loss income per common share			
Basic and diluted		\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding			
Basic and diluted		101,246,491	96,683,560

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

Oceanic Iron Ore Corp.

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited – Expressed in Canadian Dollars, except number of shares)

	Notes	Shares	Share capital	Reserves	Deficit	Total equity
Balance - January 1, 2023		99,727,021	\$ 61,886,678	\$ 11,243,969	\$ (33,923,085)	\$ 39,207,562
Shares issued on settled restricted share units	5b	227,491	18,313	(18,313)	-	-
Shares issued on settled debenture interest	4	2,438,134	187,077	-	-	187,077
Net loss for the period		-	-	-	(1,230,857)	(1,230,857)
Balance - March 31, 2023		102,392,646	\$ 62,092,068	\$ 11,225,656	\$ (35,153,942)	\$ 38,163,782

		Shares	Share capital	Reserves	Deficit	Total equity
Balance - January 1, 2022		96,672,967	\$ 61,633,048	\$ 11,205,166	\$ (32,863,178)	\$ 39,975,036
Share-based payments - stock options	5c	-	-	22,168	-	22,168
Shares issued on settled restricted share units	5b	95,335	8,580	(8,580)	-	-
Net loss for the period		-	-	-	(1,147,236)	(1,147,236)
Balance - March 31, 2022		96,768,302	\$ 61,641,628	\$ 11,218,754	\$ (34,010,414)	\$ 38,849,968

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

Oceanic Iron Ore Corp.

Condensed Consolidated Interim Statements of Cash Flows (Unaudited – Expressed in Canadian Dollars)

	Notes	Three months ended March 31, 2023	Three months ended March 31, 2022
Operating activities			
Net loss		\$ (1,230,857)	\$ (1,147,236)
Adjustments for:			-
Share-based payments		-	22,168
Loss on convertible debenture derivative liability	4	988,873	911,456
Convertible debenture accretion expense	4	133,175	98,879
Net changes in non-cash working capital balances:			
Prepaid expenses and deposits		6,344	(7,288)
Receivables		236	(2,393)
Accounts payable and accrued liabilities		(10,394)	13,085
Due to related parties		56,602	56,608
Cash used in operating activities		\$ (56,021)	\$ (54,721)
Investing activities			
Mineral property expenditures	3b	(28,631)	(14,183)
Cash used in investing activities		(28,631)	(14,183)
Financing activities			
Settlement of interest on convertible debentures	4	-	(67,045)
Cash used in financing activities		-	(67,045)
Change in cash		(84,652)	(135,949)
Cash, beginning of year		662,818	293,162
Cash, end of year		\$ 578,166	\$ 157,213

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

Oceanic Iron Ore Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

Unaudited – Expressed in Canadian Dollars – unless otherwise noted

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 activities on the Property. The Property comprises three project areas: Hopes Advance (also referred to as the “Hopes Advance Project” throughout), Morgan Lake and Roberts Lake, which cover over 35,999 hectares of iron formation and are located within 20 – 50 km of 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.

While these condensed consolidated interim financial statements (“Interim 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 could result in a material uncertainty casting significant doubt on the validity of this assumption. For the period ended March 31, 2023, the Company had an accumulated deficit of \$35,153,942 and a working capital deficit of \$1,389,058.

The Company’s ability to continue on a going concern basis for and beyond the next twelve months depends on its ability to successfully raise additional financing for continued operations and for the necessary capital expenditures required to achieve planned principal operations. 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. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

These Interim 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 Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of Interim Financial Statements, including International Auditing Standard 34, Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board and interpretations by the International Financial Reporting Interpretations Committee. These Interim Financial Statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company’s audited annual consolidated financial statements (the “Annual Financial Statements”) for the year ended December 31, 2022. The accounting policies followed in these Interim Financial Statements are the same as those applied in Note 3 of the Company’s annual consolidated financial statements, except as described below.

Oceanic Iron Ore Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

Unaudited – Expressed in Canadian Dollars – unless otherwise noted

2. BASIS OF PRESENTATION (continued)

A number of amendments to standards were effective for annual periods beginning on or after January 1, 2023, including amendments to IAS 1, Presentation of Financial Statements, IFRS Practice Statement 2 and IAS 12, Income Taxes. There were no material impacts on the Company's Interim Financial Statements from the adoption of these amendments.

These Interim Financial Statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value. In addition, these Interim Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information. These Interim Financial Statements are presented in Canadian dollars, which is the Company's functional currency.

These Interim Financial Statements were approved by the board of directors on May 29, 2023.

3. MINERAL PROPERTIES - UNGAVA BAY

a) Acquisition costs

	Three months ended March 31, 2023	Year ended December 31, 2022
Acquisition costs - beginning of period	\$ 20,066,674	\$ 19,869,499
Additions during the period		
Additional advance royalty payable	-	76,678
Accretion of advance royalty payable	30,134	120,497
Acquisition costs - end of period	\$ 20,096,808	\$ 20,066,674

b) Exploration costs

	Three months ended March 31, 2023	Year ended December 31, 2022
Cumulative exploration costs - beginning of period	\$ 24,111,768	\$ 24,041,146
Expenditures during the period		
Permitting and claims	22,743	45,620
Fieldwork and geology	-	13,398
Consultants	-	2,963
Equipment, supplies & rentals	3,000	6,480
Office and accommodation	-	2,161
Transportation	-	-
Exploration expenditures for the period	25,743	70,622
Cumulative exploration costs - end of period	\$ 24,137,511	\$ 24,111,768
Grand total - mineral properties	\$ 44,234,319	\$ 44,178,442

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

Oceanic Iron Ore Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

Unaudited – Expressed in Canadian Dollars – unless otherwise noted

3. MINERAL PROPERTIES - UNGAVA BAY (continued)

value of advance payments to the royalty holders until the estimated date of commencement of commercial production.

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%, 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, 2023 total \$1,000,000 (December 31, 2022: \$1,000,000).

4. CONVERTIBLE DEBENTURES

	Series A Debentures	Series B Debenture	Series C Debentures	Series D Debentures	Total
Opening balance - January 1, 2022	\$ 1,164,238	\$ 1,402,324	\$ 538,435	\$ -	\$ 3,104,997
Proceeds received	-	-	-	1,220,000	1,220,000
Transaction costs	-	-	-	(92,882)	(92,882)
Interest expense and accretion	141,459	109,716	130,955	51,852	433,982
Amortization of transaction costs	2,419	4,199	7,663	6,192	20,473
Interest settlements	(48,450)	(53,391)	(99,294)	-	(201,135)
Loss (gain) due to fair value adjustment on derivative liability	435,688	(386,852)	222,887	(247,165)	24,558
Balance - December 31, 2022	1,695,354	1,075,996	800,646	937,997	4,509,993
Interest expense and accretion	24,723	28,297	32,720	39,826	125,566
Amortization of transaction costs	-	1,049	1,916	4,644	7,609
Interest settlements	(30,706)	(35,594)	(66,197)	(52,986)	(185,483)
Loss due to fair value adjustment on derivative liability	274,652	140,067	82,809	491,345	988,873
Balance - March 31, 2023	1,964,023	1,209,815	851,894	1,420,826	5,446,558

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.

The Series A Debentures are convertible into units at a conversion price of \$0.07 per unit for the first year of the term (increasing to \$0.10 per unit for the remainder of the term). Each unit will be 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 over a five-year term and mature on September 26, 2027.

The Series B Debenture is convertible into units at a conversion price of \$0.10 per unit. Each unit will be comprised of one common share and one share purchase warrant exercisable into one common share of the Company at a price of \$0.05 per common share. The Series B Debenture bears interest at 8.5% per annum over a five-year term and mature on November 29, 2023.

The Series C Debentures are convertible into units at a conversion price of \$0.19 per unit. Each unit will be 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 over a five-year term and mature on March 10, 2026.

Oceanic Iron Ore Corp.

Notes to the Condensed Consolidated Interim Financial Statements

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Unaudited – Expressed in Canadian Dollars – unless otherwise noted

4. CONVERTIBLE DEBENTURES (continued)

The Series D Debentures are convertible into units at a conversion price of \$0.07 per unit for the first year of the term (increasing to \$0.10 per unit for the remainder of the term). Each unit will be 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 over a five-year term and mature on September 26, 2027.

In accordance with IFRS 9 – Financial Instruments (“IFRS 9”), it has been determined that the respective convertible debentures are, for IFRS purposes, 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 contained in the Series A Debentures, Series B Debenture, Series C Debentures and Series D Debentures.

The inputs in the option pricing model as at March 31, 2023 are as follows:

	Series A		Series B		Series C		Series D
	Debentures		Debenture		Debentures		Debentures
Volatility	110.03%		94.37%		93.27%		110.03%
Stock price	\$ 0.085	\$	0.085	\$	0.085	\$	0.085
Exercise price of units	\$ 0.07	\$	0.10	\$	0.19	\$	0.07
Exercise price of warrants	\$ 0.07	\$	0.05	\$	0.19	\$	0.07
Interest rate	3.02%		3.74%		3.51%		3.02%
Time to maturity (years)	4.5		0.7		2.9		4.5
Dividend yield	0.00%		0.00%		0.00%		0.00%

5. SHARE CAPITAL

a) Share capital

Unlimited common and preferred shares without par value.

b) Restricted Share Units (“RSUs”)

During the three months ended March 31, 2023, the Company settled its remaining 227,491 RSUs outstanding in exchange for 227,491 common shares.

c) Stock options

During the three months ended March 31, 2023, the Company granted nil stock options (see Note 9).

d) Share purchase warrants

During the three months ended March 31, 2023, nil warrants were exercised.

Oceanic Iron Ore Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

Unaudited – Expressed in Canadian Dollars – unless otherwise noted

6. COMMITMENTS

The Company's undiscounted contractual commitments were as follows:

March 31, 2023

	Less than 1 year	1 -3 years	More than 3 years	Total
Accounts payable and accrued liabilities	\$ 331,795	\$ -	\$ -	\$ 331,795
Due to related parties	253,751	-	-	253,751
Convertible debenture - liability component	1,110,477	2,223,072	2,218,425	5,551,974
Advance royalty payable	200,000	400,000	400,000	1,000,000
	\$ 1,896,023	\$ 2,623,072	\$ 2,618,425	\$ 7,137,520

December 31, 2022

	Less than 1 year	1 -3 years	More than 3 years	Total
Accounts payable and accrued liabilities	\$ 346,651	\$ -	\$ -	\$ 346,651
Due to related parties	197,149	-	-	197,149
Convertible debenture - liability component	1,297,553	601,384	3,840,113	5,739,050
Advance royalty payable	200,000	400,000	400,000	1,000,000
	\$ 2,041,353	\$ 1,001,384	\$ 4,240,113	\$ 7,282,850

7. 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:

	Three months ended March 31, 2023	Three months ended March 31, 2022
Directors' fees	\$ 7,500	\$ 7,500
Wages and benefits	-	15,000
Share-based payments	-	18,472
	\$ 7,500	\$ 40,972

b) Payments for services by related parties

During each of the three months ended March 31, 2023 and 2022, the Company incurred corporate consulting fees of \$28,750 to Sirocco Advisory Services Ltd. ("Sirocco"), a company controlled by a director and officer of the Company. As at March 31, 2023, the Company owed \$57,500 to Sirocco relating to unpaid consulting fees (December 31, 2022 - \$28,750).

During each of the three months ended March 31, 2023 and 2022, the Company incurred corporate consulting fees of \$15,000 to Sinocan Consultant Hong Kong Ltd. ("Sinocan"), a company controlled by an officer of the Company. As at March 31, 2023, the Company owed \$10,000 to Sinocan relating to unpaid consulting fees (December 31, 2022 - \$10,000).

Oceanic Iron Ore Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

Unaudited – Expressed in Canadian Dollars – unless otherwise noted

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

b) Payments for services by related parties (continued)

During the three months ended March 31, 2023, the Company incurred corporate consulting fees of \$15,000 (March 31, 2022 - \$nil) to Timbavati Consult ("Timbavati"), an entity controlled by an officer of the Company. As at March 31, 2023, the Company owed \$15,000 to Timbavati relating to unpaid consulting fees (December 31, 2022 - \$nil).

During each of the three months ended March 31, 2023 and 2022, the Company incurred corporate consulting fees of \$15,000 to Fiore Management & Advisory Corp. ("Fiore"), a company controlled by a director of the Company. As at March 31, 2023, the Company owed \$31,500 to Fiore relating to unpaid consulting fees (December 31, 2022 - \$15,750).

As at March 31, 2023, the Company owed \$65,000 in directors' fees to certain directors of the Company (December 31, 2022 - \$57,500).

The Company was charged shared lease, overhead and service costs by Artemis Gold Inc. ("Artemis"), a company with common management and directors. For the three months ended March 31, 2023, the Company incurred \$4,908 (March 31, 2022 - \$4,826) in shared lease, overhead and service costs. As at March 31, 2023, the Company owed \$74,751 to Artemis (December 31, 2022 - \$69,598).

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 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, accrued interest receivable, deposits, accounts payable, accrued liabilities and due to related parties approximate their values due to their short-term nature. The advance royalty payable and the embedded derivative liability component of the convertible debenture fall under a level 3 hierarchy due to certain inputs that are not based on observable market data.

9. SUBSEQUENT EVENT

Subsequent to March 31, 2023, the Company granted 1,540,000 incentive stock options to directors, officers and consultants of the Company, exercisable at a weighted average price of \$0.095 for a period of 10 years expiring on April 28, 2033.