CONSOLIDATED FINANCIAL STATEMENTS

For the years ended
December 31, 2023 and 2022

Expressed in Canadian Dollars, unless otherwise noted

OCEANIC
IRON ORE CORP

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
Suite 1605, 1166 Alberni Street
Vancouver, BC Canada V6E 3Z3

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, 2023 and 2022, and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of 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, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company had no revenues, and had negative cash flows from operations during the year ended December 31, 2023 and, as of that date, the Company had a working capital deficit of $841,766 and an accumulated deficit of $33,871,487. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in the *Material Uncertainty Related to Going Concern* section of our report, we have determined that there are no key audit matters to communicate in our report.

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 International Financial Reporting Standards, 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 of 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.

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

April 25, 2024

Oceanic Iron Ore Corp.

Consolidated Statements of Financial Position
As at December 31, 2023 and 2022

	Notes	As at December 31, 2023	As at December 31, 2022
Assets			
Current			
Cash		**$ 269,513**	$ 662,818
Receivables		**6,319**	5,869
Prepaid expenses and deposits		**13,552**	6,976
		289,384	675,663
Mineral properties	*4*	**44,453,858**	44,178,442
Total assets		**$ 44,743,242**	$ 44,854,105
Liabilities			
Current			
Accounts payable and accrued liabilities		**$ 343,279**	$ 346,651
Due to related parties	*9*	**475,690**	197,149
Current portion of advance royalty payable	*4*	**219,529**	169,529
Current portion of convertible debentures	*5*	**92,652**	1,075,996
		1,131,150	1,789,325
Non-current portion of advance royalty payable	*4*	**423,652**	423,221
Non-current portion of convertible debentures	*5*	**3,357,095**	3,433,997
Total liabilities		**4,911,897**	5,646,543
Shareholders' equity			
Share capital	*6*	**62,367,906**	61,886,678
Reserves	*6*	**11,334,926**	11,243,969
Deficit		**(33,871,487)**	(33,923,085)
Total shareholders' equity		**39,831,345**	39,207,562
Total liabilities and shareholders equity		**$ 44,743,242**	$ 44,854,105

Nature of operations and going concern	*1*
Commitments	*8*
Subsequent events	*12*

Approved by the Board:

" Steven Dean " Director

" Gordon Keep " Director

Oceanic Iron Ore Corp.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
For the years ended December 31, 2023 and 2022

	Notes		Year ended December 31, 2023		Year ended December 31, 2022
Expenses					
Consulting and management fees	*9*	**$**	**295,000**	$	235,000
Directors' fees	*9*		**30,000**		30,000
License and insurance			**25,481**		27,831
Office and general			**25,470**		28,118
Professional fees			**33,161**		102,286
Rent	*9*		**10,670**		10,484
Share-based compensation	*6*		**109,270**		50,388
Transfer agent and regulatory			**33,439**		23,860
Wages and benefits	*9*		**8,645**		72,927
Loss from operations			**(571,136)**		(580,894)
Other income (expenses)					
Gain (loss) on change in fair value of derivative liabilities	*5*		**1,162,015**		(24,558)
Convertible debenture accretion expense	*5*		**(539,281)**		(454,455)
Total other income (expenses)			**622,734**		(479,013)
Net income (loss) and comprehensive income (loss)		**$**	**51,598**	$	(1,059,907)
Income (loss) per common share					
Basic		**$**	**0.00**	$	(0.01)
Diluted		**$**	**0.00**	$	(0.01)
Weighted average number of common shares outstanding					
Basic			**103,263,539**		97,134,682
Diluted			**103,263,539**		97,134,682

Oceanic Iron Ore Corp.

Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2023 and 2022

	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**
Share-based payments - stock options	*6c*	-	-	109,270	-	109,270
Shares issued on settled restricted share units	*6b*	227,491	18,313	(18,313)	-	-
Shares issued on settled debenture interest	*5*	5,195,010	372,915	-	-	372,915
Shares issued on redemption of convertible debenture	*5*	214,285	15,000	-	-	15,000
Settlement of advance royalty payment	*4*	1,153,846	75,000	-	-	75,000
Net income for the year		-	-	-	51,598	51,598
Balance - December 31, 2023		**106,517,653**	**$ 62,367,906**	**$ 11,334,926**	**$ (33,871,487)**	**$ 39,831,345**

		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	*6c*	-	-	50,388	-	50,388
Shares issued on settled restricted share units	*6b*	132,669	11,585	(11,585)	-	-
Shares issued on settled debenture interest	*5*	838,052	67,045	-	-	67,045
Settlement of advance royalty payment	*4*	2,083,333	175,000	-	-	175,000
Net loss for the year		-	-	-	(1,059,907)	(1,059,907)
Balance - December 31, 2022		**99,727,021**	**$ 61,886,678**	**$ 11,243,969**	**$ (33,923,085)**	**$ 39,207,562**

Oceanic Iron Ore Corp.

Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022

	Notes	Year ended December 31, 2023	Year ended December 31, 2022
Operating activities			
Net income (loss)		**$ 51,598**	$ (1,059,907)
Adjustments for:			
Share-based payments	*6c*	**109,270**	50,388
(Gain) loss on change in fair value of derivative liabilities	*5*	**(1,162,015)**	24,558
Convertible debenture accretion expense	*5*	**539,281**	454,455
Net changes in non-cash working capital balances:			
Receivables		**(212)**	(1,873)
Prepaid expenses and deposits		**(607)**	7,269
Accounts payable and accrued liabilities		**(46,984)**	53,706
Due to related parties		**278,541**	(148,172)
Cash used in operating activities		**$ (231,128)**	$ (619,576)
Investing activities			
Mineral property expenditures	*4*	**(87,177)**	(62,254)
Cash used in investing activities		**(87,177)**	(62,254)
Financing activities			
Interest paid on convertible debenture	*5*	**-**	(134,090)
Proceeds from convertible debentures	*5*	**-**	1,220,000
Transaction costs on convertible debentures	*5*	**-**	(9,424)
Settlement of advance royalty payable	*4*	**(75,000)**	(25,000)
Cash (used in) provided by financing activities		**(75,000)**	1,051,486
Change in cash		**(393,305)**	369,656
Cash, beginning of year		**662,818**	293,162
Cash, end of year		**$ 269,513**	$ 662,818

Non-cash investing and financing activities		
Accretion of advance royalty payable	**123,752**	120,497
Recognition of additional advance royalty payable	**76,678**	76,678
Settlement of convertible debenture interest	**372,915**	67,045
Settlement of advance royalty payable in shares	**75,000**	175,000
Issuance of common shares for settlement of restricted share units	**18,313**	11,585
Transaction costs on convertible debentures included in accounts payable	**49,597**	83,458

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 35,264 hectares and 844 claim cells 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.

While 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, certain conditions and events result in a material uncertainty casting significant doubt on the validity of this assumption. For the year ended December 31, 2023, the Company has no revenues and had negative cash flows from operations. As at December 31, 2023, the Company had an accumulated deficit of $33,871,487 and a working capital deficit of $841,766.

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 consolidated 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 consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“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. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its 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.

2. BASIS OF PRESENTATION (continued)

These consolidated financial statements were approved by the board of directors on April 25, 2024.

3. MATERIAL ACCOUNTING POLICIES

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.

Earnings (loss) per share

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

Provided that they are not anti-dilutive, the diluted earnings per share reflects the potential dilution of common share equivalents, such as convertible debentures, outstanding stock options 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 stock options and warrants are assumed to be used to purchase common shares at the average market price during the period.

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 tax. Income tax expense is recognized in the consolidated statement of income (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.

3. MATERIAL ACCOUNTING POLICIES (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 statement of income (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 asset retirement obligations at December 31, 2023 and 2022.

3. MATERIAL ACCOUNTING POLICIES (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.

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 income (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 fair value through other comprehensive income.

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 fair value through profit or loss.

The Company’s convertible debenture derivative liability has 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.

3. MATERIAL ACCOUNTING POLICIES (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, 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 liability is accreted to the face value over the term of the convertible debenture.

Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Areas of judgment include the assessment of going concern, use of a discount rate applied to fair value the convertible debentures and advanced royalty payable, and mineral property impairment indicators. Areas of estimates include the carrying value of advance royalty payables, fair value of share-based compensation, deferred income taxes, and the fair value of the embedded derivative liabilities related to the convertible debentures (Level 3 financial instruments). Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the notes to the consolidated financial statements where applicable.

Changes in accounting standards

The Company adopted the amendments to IAS 1, *Presentation of Financial Statements*, ("IAS 1") and the IFRS Practice Statement 2 *Making Materiality Judgements*, IAS 12, *Income Taxes*, and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors,* as required on January 1, 2023. There were no material impacts on the Company's consolidated financial statements from the adoption of these amendments.

In October 2022, the IASB issued amendments to IAS 1 titled Non-current Liabilities with Covenants. These amendments sought to improve the information that an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. These amendments to IAS 1 override but incorporate the previous amendments, Classification of Debt as Current or Non-current, issued in January 2020, which clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendments are effective January 1, 2024, with early adoption permitted. Retrospective application is required on adoption. The Company does not expect these amendments to have a material effect on its consolidated financial statements.

4. MINERAL PROPERTIES - UNGAVA BAY

a) Acquisition costs

		Year ended December 31, 2023		Year ended December 31, 2022
Acquisition costs - beginning of year	**$**	**20,066,674**	$	19,869,499
Additions for the year				
Additional advance royalty payable		**76,678**		76,678
Accretion of advance royalty payable		**123,752**		120,497
Acquisition costs - end of year	**$**	**20,267,104**	$	20,066,674

b) Exploration costs

		Year ended December 31, 2023		Year ended December 31, 2022
Cumulative exploration costs - beginning of year	**$**	**24,111,768**	$	24,041,146
Expenditures for the year				
Permitting and claims		**66,690**		45,620
Fieldwork and geology		**-**		13,398
Consultants		**-**		2,963
Equipment, supplies & rentals		**6,000**		6,480
Office and accommodation		**1,758**		2,161
Transportation		**538**		-
Exploration expenditures for the year		**74,986**		70,622
Cumulative exploration costs - end of year	**$**	**24,186,754**	$	24,111,768
Grand total - mineral properties	**$**	**44,453,858**	$	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 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% 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, 2023 and 2022 was $1,050,000 and $1,000,000, respectively. For the year ended December 31, 2023, accretion of the advance royalty payable totaled $123,752 (2022 - $120,497). As at December 31, 2023, the total advance royalty payable was $643,181 (2022: $592,750), with $219,529 (2022: $169,529) recognized as a current liability and $423,652 (2022: $423,221) recognized as a non-current liability.

4. MINERAL PROPERTIES – UNGAVA BAY (continued)

On December 12, 2023, the Company settled $50,000 of its 2023 advance royalty payment of $100,000 payable to 154619 through a cash payment of $50,000, with the remaining $50,000 having been agreed to be deferred until November 30, 2024. On December 12, 2023, the Company settled its 2023 advance royalty payment of $100,000 payable to SPG through a cash payment of $25,000 and through the issuance of 1,153,846 common shares of the Company at a price of $0.065 per common share for fair value of $75,000.

On December 1, 2022, the Company settled its 2022 advance royalty payment of $100,000 payable to 154619 through a cash payment of $25,000 and the issuance of 833,333 common shares of the Company at a price of $0.09 per share for fair value of $75,000. On December 1, 2022, the Company settled its 2022 advance royalty payment of $100,000 payable to SPG through the issuance of 1,250,000 common shares of the Company at a price of $0.08 per common share.

5. 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
Less: current portion	-	(1,075,996)	-	-	(1,075,996)
Non-current portion - December 31, 2022	$ 1,695,354	$ -	$ 800,646	$ 937,997	$ 3,433,997
Opening balance - January 1, 2023	1,695,354	1,075,996	800,646	937,997	4,509,993
Transaction costs	-	(49,597)	-	-	(49,597)
Interest expense and accretion	101,598	113,240	130,832	162,671	508,341
Amortization of transaction costs	-	4,701	7,663	18,576	30,940
Interest settlements through share issuance	(64,600)	(71,188)	(132,393)	(104,734)	(372,915)
Partial redemption of convertible debenture	-	-	-	(15,000)	(15,000)
(Gain) loss due to fair value adjustment on derivative liability	(653,918)	182,490	41,696	(732,283)	(1,162,015)
Balance - December 31, 2023	1,078,434	1,255,642	848,444	267,227	3,449,747
Less: current portion	(16,150)	(17,797)	(33,098)	(25,607)	(92,652)
Non-current portion - December 31, 2023	$ 1,062,284	$ 1,237,845	$ 815,346	$ 241,620	$ 3,357,095

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, 2023 the Company settled $372,915 of debenture interest by issuing 5,195,010 common shares (December 31, 2022: settled $201,135 of debenture interest, comprising of $134,090 cash and 838,052 common shares at a value of $67,045).

The Series A Debentures, with a face value of $760,000, were convertible into units at a conversion price of $0.07 per unit during the first year of their term, following which (on September 26, 2023) the conversion price increased to $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 $0.07 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.

5. CONVERTIBLE DEBENTURES (continued)

The Company entered into an agreement with the holder of the previously issued Series B Debenture (the "Previous Series B Debenture") to replace the Previous Series B Debenture with a new debenture (the "Series B Debenture"), maturing on November 29, 2028. The Previous Series B Debenture with a face value of $837,500 was convertible into units at a conversion price of $0.10 per unit. Each unit was 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 Previous Series B Debenture bore interest at 8.5% per annum over a five-year term. The terms of the Series B Debenture are the same as the Previous Series B Debenture, other than (i) the warrant exercise price is $0.07 per common share and (ii) the maturity date is November 29, 2028.

In accordance with IFRS 9, the Company determined that the replacement of the Previous Series B Debenture with the new Series B Debenture did not represent an extinguishment of debt. As a result, the difference between the carrying value of the Previous Series B Debenture and the value of the new Series B Debenture was recognized within gain (loss) on change in fair value of derivative liabilities on the consolidated statements of income (loss).

The Series C Debentures, with a face value of $1,557,548, 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.

The Series D Debentures, with a face value of $1,205,000, were convertible into units at a conversion price of $0.07 per unit during the first year of their term, following which (on September 26, 2023) the conversion price increased to $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 $0.07 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. During the year ended December 31, 2023, there was a partial conversion of the Series D Debentures, whereby one of the holders converted $15,000 of convertible debentures into units comprising 214,285 common shares and 214,285 share purchase warrants (Note 6(d)).

In accordance with 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 binomial option pricing model are as follows:

	December 31, 2023			
	Series A Debentures	**Series B Debenture**	**Series C Debentures**	**Series D Debentures**
Volatility	92.19%	105.15%	86.20%	92.19%
Stock price	$ 0.06	$ 0.06	$ 0.06	$ 0.06
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	3.67%	3.17%	3.88%	3.67%
Time to maturity (years)	3.7	4.9	2.2	3.7
Dividend yield	0.00%	0.00%	0.00%	0.00%

6. SHARE CAPITAL

a) Share Capital

Unlimited common and preferred shares without par value.

b) Restricted Share Units ("RSUs")

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

	Number of RSUs
Balance - January 1, 2022	360,160
Settled	(132,669)
RSUs outstanding - December 31, 2022	**227,491**
Settled	(227,491)
RSUs outstanding - December 31, 2023	**-**

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, 2021 and 2022	**8,415,500**	**$ 0.14**
Granted	1,540,000	0.095
Forfeited	(1,630,500)	0.15
Options outstanding - December 31, 2023	**8,325,000**	**$ 0.13**
Options exercisable - December 31, 2023	**7,811,667**	**$ 0.13**

Stock option expense recorded within share-based compensation expense in the consolidated statements of income (loss) for the year ended December 31, 2023 was $109,270 (2022 - $50,388). The weighted average fair value of stock options granted during the year ended December 31, 2023 was $0.085 (2022: $nil).

The Company used a Black Scholes option valuation model to determine the grant-date fair value of stock options, applying the following assumptions:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Risk-free interest rate	**2.97%**	-
Expected life	**10.00**	-
Annualized volatility	**97.88%**	-
Dividend rate	**0.00%**	-
Forfeiture rate	**0.00%**	-

6. SHARE CAPITAL (continued)

c) Stock options (continued)

The following table summarizes information about stock options outstanding at December 31, 2023:

Total options outstanding			Total options exercisable		
Number	Weighted average remaining contractual life (years)	Weighted average exercise price	Number	Weighted average remaining contractual life (years)	Weighted average exercise price
650,000	0.9	$ 0.155	650,000	0.9	$ 0.155
355,000	1.9	$ 0.15	355,000	1.9	$ 0.15
595,000	3.1	$ 0.25	595,000	3.1	$ 0.25
1,510,000	5.2	$ 0.09	1,510,000	5.2	$ 0.09
2,780,000	6.5	$ 0.14	2,780,000	6.5	$ 0.14
150,000	7.3	$ 0.215	150,000	7.3	$ 0.215
745,000	7.9	$ 0.12	745,000	7.9	$ 0.12
1,540,000	9.3	$ 0.095	1,026,667	9.3	$ 0.095
8,325,000	**6.1**	**$ 0.13**	**7,811,667**	**5.8**	**$ 0.13**

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, 2021	20,125,000	$ 0.05
Expired	(625,000)	0.10
Balance - December 31, 2022	**19,500,000**	**$ 0.05**
Expired	(19,500,000)	0.05
Issued	214,285	0.07
Balance - December 31, 2023	**214,285**	**$ 0.07**

As at December 31, 2023, the Company had 214,285 share purchase warrants outstanding with an exercise price of $0.07 and a weighted average remaining life of 3.7 years.

7. INCOME TAXES

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

		Year ended December 31, 2023		Year ended December 31, 2022
Income (loss) before income taxes	$	51,598	$	(1,059,907)
Canadian federal and provincial income tax rates		26.50%		26.50%
Expected Income tax expense (recovery)		13,673		(280,875)
(Decrease) increase due to:				
Non-deductible (income) expenses and other		(197,063)		60,141
Losses not recognized		183,390		220,734
Income tax recovery	$	-	$	-

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

		Year ended December 31, 2023		Year ended December 31, 2022
Deferred income tax assets				
Non-capital losses	$	3,134,958	$	3,175,174
Equipment		107,167		122,898
Total deferred income tax assets	$	3,242,125	$	3,298,072
Deferred income tax liabilities				
Share and debt issue costs		15,198		4,046
Mineral property costs		3,226,927		3,294,026
Deferred income tax liabilities	$	3,242,125	$	3,298,072
Deferred income tax liability, net	**$**	**-**	$	-

The composition of deferred tax recovery is as follows:

		Year ended December 31, 2023		Year ended December 31, 2022
Non-capital losses	$	40,216	$	58,007
Share and debt issue costs		11,152		4,268
Equipment		15,731		
Mineral property costs		(67,099)		(62,275)
	$	**-**	$	-

7. INCOME TAXES (continued)

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

	Year ended December 31, 2023	Year ended December 31, 2022
Non-capital losses	$ 2,275,228	$ 2,091,705
Capital losses	233,793	233,793
Donations	-	133
	$ 2,509,021	**$ 2,325,631**

As at December 31, 2023, the Company has loss carry-forwards of $20,415,798 (2022: $19,875,015). These tax losses may be available for tax purposes and expire between 2026 and 2043.

8. 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 4(b)). These payments are estimated to continue for a rolling five-year period.

The Company's undiscounted contractual commitments were as follows:

December 31, 2023

	Less than 1 year	**1 -3 years**	**More than 3 years**	**Total**
Accounts payable and accrued liabilities	$ 343,279	$ -	$ -	$ 343,279
Due to related parties	475,690	-	-	475,690
Convertible debenture - liability component	463,255	2,188,429	3,038,429	5,690,113
Advance royalty payable	250,000	400,000	400,000	1,050,000
	$ 1,532,224	$ 2,588,429	$ 3,438,429	$ 7,559,082

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

Additionally, in order to maintain current rights of tenure to exploration tenements, the Company is expected to incur expenditures of $73,257 in respect of claim renewal fees and minimum work requirements in the year ending December 31, 2024.

9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

a) Key Management Compensation

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

		Year ended December 31, 2023		Year ended December 31, 2022
Directors' fees	**$**	**30,000**	$	30,000
Consulting and management fees		**295,000**		235,000
Wages and benefits		**-**		60,000
Share-based payments*		**86,564**		43,100
	$	**411,564**	$	368,100

*Share-based payments based on the fair value of stock options granted to individuals

b) Payments for services by related parties

During the year ended December 31, 2023, the Company incurred corporate consulting fees of $115,000 (2022: $115,000), to Sirocco Advisory Services Ltd. ("Sirocco"), a company controlled by a director of the Company. As at December 31, 2023, the Company owed $143,750 (2022: $28,750) to Sirocco relating to unpaid consulting fees.

During the year ended December 31, 2023, the Company incurred corporate consulting fees of $60,000 (2022: $60,000) to Sinocan Consultant Hong Kong Ltd. ("Sinocan"), a company controlled by the Chief Executive Officer. As at December 31, 2023, the Company owed $20,000 (2022: $10,000) to Sinocan relating to unpaid consulting fees.

During the year ended December 31, 2023, the Company incurred corporate consulting fees of $60,000 (2022: $nil) to Timbavati Consult Inc. ("Timbavati"), a company controlled by the Chief Financial Officer. As at December 31, 2023, the Company owed $60,000 (2022: $nil) to Timbavati relating to unpaid consulting fees.

During the year ended December 31, 2023, the Company incurred corporate consulting fees of $60,000 (2022: $60,000) to Fiore Management & Advisory Corp. ("Fiore"), a company controlled by a director of the Company. As at December 31, 2023, the Company owed $75,000 (2022: $15,000) to Fiore relating to unpaid consulting fees.

As at December 31, 2023, the Company owed $87,500 (2022: $57,500) 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, 2023, the Company incurred $19,842 (2022: $27,957) in shared lease, overhead, and service costs. As at December 31, 2023, the Company owed $89,440 (2022: $69,598) to Artemis.

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

10. 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.

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, 2023 and 2022 are presented in Note 8.

The Company's ability to continue operations in the normal course of business is dependent on several factors, including the ability to secure additional financing. In addition, the recoverability of the amounts shown for mineral properties 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.

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 interest rates would not have a significant impact on the Company's net income (loss).

10. FINANCIAL RISK MANAGEMENT (continued)

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, 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.

The derivative liabilities included in the convertible debentures are measured at level 3 due to certain inputs that are not based on observable market data.

11. 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 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, 2023. Further information relating to management of capital is disclosed in Note 1.

12. SUBSEQUENT EVENTS

a) On January 2, 2024, the Company elected to settle an aggregate of $92,652 in accrued interest payable under the Company's previously issued convertible debentures through the issuance of 1,544,185 common shares of the Company, at a price of $0.06 per share.

b) On April 1, 2024, the Company elected to settle an aggregate of $92,651 in accrued interest payable under the Company's previously issued convertible debentures through the issuance of 1,425,400 common shares of the Company, at a price of $0.065 per share.