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# **OCEANIC WIND ENERGY INC.**

Audited Consolidated Financial Statements

**For the years ended September 30, 2020 and 2019**

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## MANAGEMENT'S REPORT

To the Shareholders of

### **Oceanic Wind Energy Inc. (the "Company")**

The preparation and presentation of the Company's consolidated financial statements as at September 30, 2020 and 2019 is the responsibility of management. The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and where appropriate include managements best estimates and judgments.

Management is responsible for installing and maintaining a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded, transactions are authorized and financial information is reliable.

Independent auditors are appointed by the Company's shareholders to give an opinion on the financial statements based upon their scope of examination as outlined in their Auditor's Report.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal control. The Board exercises this responsibility with the assistance of the Audit Committee. The Audit Committee meets with management and the independent auditors to satisfy itself that management's responsibilities are properly discharged, to review the consolidated financial statements and recommend that the financial statements be presented to the Board of Directors for approval.

**Signed: "Wilbur J. Lang"**

Wilbur J. Lang - Chief Financial Officer



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**Chartered Professional Accountants**  
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## INDEPENDENT AUDITORS' REPORT

To the Shareholders of Oceanic Wind Energy Inc.

### ***Opinion***

We have audited the consolidated financial statements of Oceanic Wind Energy Inc. ("the Entity"), which comprise:

- the consolidated statements of financial position as at September 30, 2020 and September 30, 2019;
- the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency, and cash flows for the years then ended; and
- notes to the consolidated statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at September 30, 2020 and September 30, 2019, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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 2(a) in the financial statements, which describes that the Entity has negative working capital and a shareholders' deficiency at September 30, 2020 and has sustained a loss from operations and negative cash flow from operations for the year ended September 30, 2020.



As stated in Note 2(a) in the financial statements, these events or conditions, along with other matters as set forth in Note 2(a) in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

***Other Information***

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.



- 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.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

*KPMG LLP*

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Chartered Professional Accountants

The engagement partner on the audit resulting in this auditors' report is Robert Ryan Owsnett, CPA, CA

Vancouver, Canada

January 25, 2021

**OCEANIC WIND ENERGY INC.**  
**Consolidated Statement of Financial Position**

	September 30, 2020	September 30, 2019
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 51,820	\$ 232,937
Accounts receivable	36,995	7,605
Prepaid expenses and other current assets	7,283	8,898
	96,098	249,440
Non-current assets		
Deposit - Natural Resources Canada - Metmast	-	360,000
	-	360,000
<b>Total assets</b>	<b>\$ 96,098</b>	<b>\$ 609,440</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 106,088	\$ 307,020
Short term loan (note 8)	-	300,000
Deferred compensation payable (note 7 and 11)	1,000,000	825,000
	1,106,088	1,432,020
Non-Current Liabilities		
CEBA loan (note 9)	25,074	-
Deferred government grants (note 9)	14,926	-
Asset retirement obligation	-	400,000
	25,000	400,000
<b>Total liabilities</b>	1,146,088	1,832,020
<b>Shareholders' Deficiency</b>		
Share capital (note 5(a))	48,448,542	47,500,458
Contributed surplus	2,203,088	2,418,548
Deficit	(51,701,620)	(51,141,586)
	(1,049,990)	(1,222,580)
<b>Total shareholders' deficiency</b>	(1,049,990)	(1,222,580)
<b>Total liabilities &amp; shareholders' deficiency</b>	<b>\$ 96,098</b>	<b>\$ 609,440</b>

Nature of operations and going concern (notes 1 and 2(a))  
 Commitments (note 10)  
 Contingent liabilities (note 11)  
 Subsequent events (notes 15)

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

Approved by the Board of Directors and authorized for issue on January 25, 2021.

Director: "Dave Rehn"

Director: "Michael O'Connor"

**OCEANIC WIND ENERGY INC.****Consolidated Statement of Loss and Comprehensive Loss  
For the years ended September 30, 2020 and 2019**

	September 30, 2020	September 30, 2019
<b>Expenses</b>		
Compensation (note 7)	\$ 482,355	\$ 604,034
Consultant (note 10)	12,500	103,800
Interest and borrowing costs (note 8)	7,419	40,281
Office and administration	134,196	130,552
Public and community relations	34,190	200,497
Professional fees	159,434	174,372
Travel	10,014	48,414
<b>Loss before the following:</b>	<b>(840,108)</b>	<b>(1,301,950)</b>
<b>Other Income</b>		
Management fee income (note 10)	210,000	-
Other income (note 10 and 14)	70,000	50,000
Investment income	74	1,953
Fair value loss on financial instruments	-	(5,313)
	280,074	46,640
<b>Loss and comprehensive loss for the period</b>	<b>\$ (560,034)</b>	<b>\$ (1,255,310)</b>
<b>Loss per share, basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of shares outstanding</b>	<b>74,017,323</b>	<b>66,060,799</b>

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

**OCEANIC WIND ENERGY INC.**  
**Consolidated Statement of Cash Flows**  
**For the years ended September 30, 2020 and 2019**

	September 30, 2020	September 30, 2019
Cash flows provided by (used in)		
<b>OPERATING ACTIVITIES</b>		
Loss for the period	\$ (560,034)	\$ (1,255,310)
Items not affecting cash		
Share-based compensation (note 5(b) and 7)	43,124	107,625
Gain on sale of assets	(70,000)	-
Share-based borrowing costs (note 8)	-	23,700
Share-based consulting costs (note 5(b))	-	16,300
Fair value loss on financial instruments	-	5,313
Changes in non-cash working capital		
Accounts receivables	(29,390)	(2,852)
Prepaid expenses and other	1,615	-
Accounts payable and accrued liabilities	(200,932)	225,598
Deferred compensation payable	175,000	220,000
<b>Net cash used in operating activities</b>	<b>(640,617)</b>	<b>(659,626)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from exercise of options	389,500	-
Proceeds from exercise of warrants	300,000	389,831
Proceeds from sale of financial instruments	30,000	111,687
Proceeds of CEBA loan	40,000	-
Proceeds / (repayment) from short term loan	(300,000)	300,000
<b>Net cash from financing activities</b>	<b>459,500</b>	<b>801,518</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(181,117)</b>	<b>141,892</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>232,937</b>	<b>91,045</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 51,820</b>	<b>\$ 232,937</b>

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